

Dole Sees No Deep Wounds

Cheney Hearings Will Be Routine, Republican Says

WASHINGTON — The losing fight to make John G. Tower secretary of defense left bruised feelings but no wounds that cannot be healed within a few weeks, the Senate Republican leader, Bob Dole of Kansas, said Sunday.

The new secretary-designate, Representative Dick Cheney of Wyoming, is not expected to have problems getting approved. The Senate Armed Services Committee, whose chairman, Sam Nunn of Georgia, led the fight against Mr. Tower, is to begin confirmation hearings this week.

"I think you can say the nomination is gone but not forgotten," Mr. Dole said. "The memories will be around for a while. There'll be some bruised feelings. But I think in probably 30 or 60 days we'll be back to normal. The scars aren't that deep." He said that Mr. Cheney, 48, would resist being directed by Mr. Nunn's committee.

The Senate killed Mr. Tower's nomination by a mostly partisan vote of 53 to 47 on Thursday. President George Bush nominated Mr. Cheney the next day.

Mr. Dole, appearing on NBC television, said some Republicans had grumbled that Mr. Nunn did not want a strong defense secretary, which he said Mr. Tower would have been.

"Dick Cheney is a quick study," Mr. Dole said. "He's been around in politics. He understands politics. In my view he'll work with Senator Nunn as he should. And Senator Nunn should work with him. But Dick Cheney will be his own boss. He'll not take orders from some staff member on a committee somewhere."

The Senate turned back Mr. Tower on charges of excessive

Kiosk

Greens Gain In French Vote

PARIS (Reuters) — Environmentalist candidates made gains and the far right National Front lost ground Sunday in the first round of French municipal elections. The turnout was the lowest in municipal voting since 1947.

Computer predictions indicated environmentalist candidates won up to four percent of the vote, compared with an insignificant showing at the last municipal elections in 1983. The National Front, whose leader, Jean-Marie Le Pen, won 15 percent in last year's first-round presidential elections, slumped to about half that total.

Early forecasts suggested that the left had regained some of the ground it lost in 1983 to the center-right opposition. Interior Minister Pierre Joxe said about 70 percent of the 37 million eligible voters cast ballots.

Business/Finance

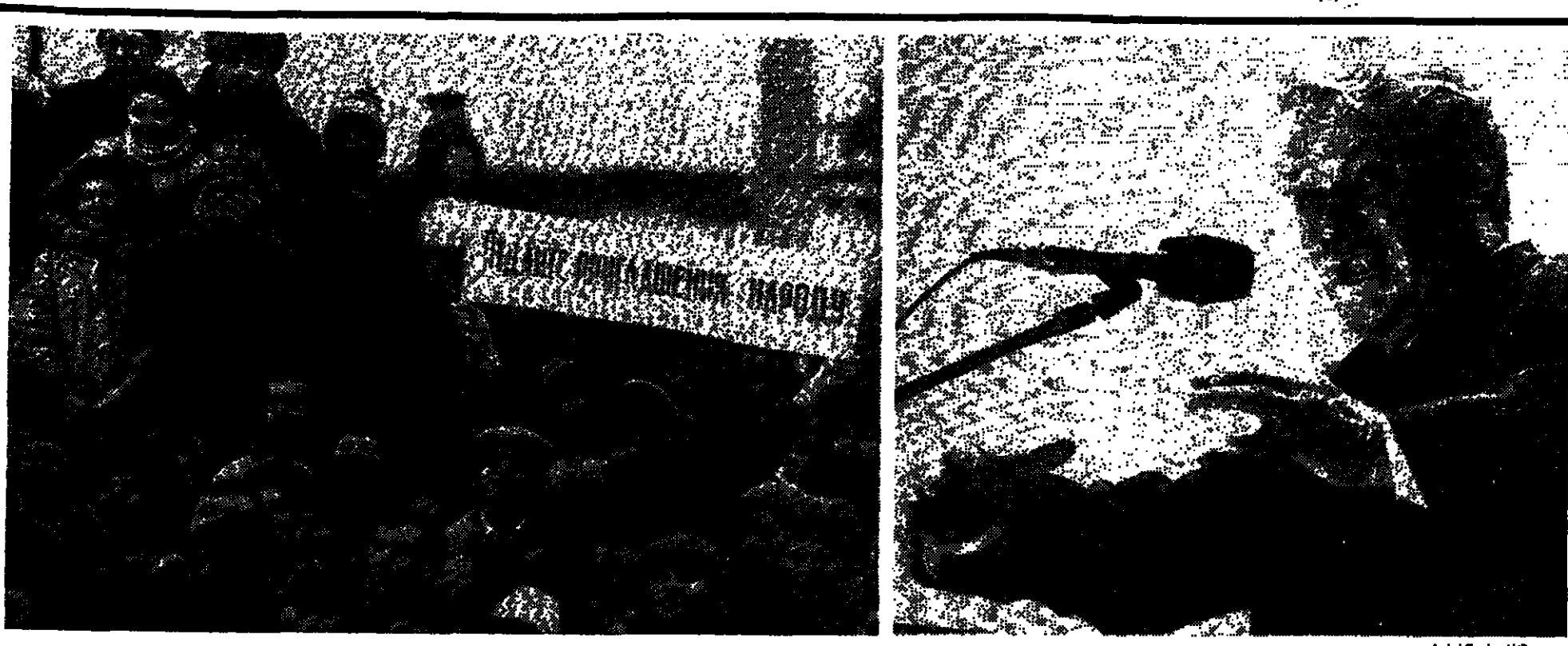
Latin American countries welcomed the U.S. debt plan but will press on with their own program. Page 11.

OPEC is likely to raise its output ceiling, Abu Dhabi's oil minister said. Page 11.

Personal Investing

The Hong Kong Stock Exchange is staging a cautious comeback. Pages 7-10.

Crossword Page 4.



Supporters Applaud Yeltsin Outside Moscow Rally, but Can't Get In to See Him

Supporters of Boris N. Yeltsin, the deposed Moscow Communist Party chief, cheering their candidate before a rally that they could not attend because the authorities would not give them tickets. The banner reads "Give Invitations to the People." Mr. Yeltsin, right, speaking at the rally.

is seeking a seat in a revamped Soviet legislature in March 26 balloting. During a televised debate on Sunday with his opponent, Mr. Yeltsin was critical of some of the changes promoted by Mikhail S. Gorbachev, calling them "half-measures" that were inadequate to meet the country's needs. Page 2.



Dick Cheney unfolded a Defense Department personnel locator Sunday while preparing for hearings on his nomination.

Cheney, Staunch Ally Of Military, Is Known As Flexible Politician

By Andrew Rosenthal
New York Times Service

WASHINGTON — Representative Dick Cheney, the secretary of defense-designate, has a record of solid support for Ronald Reagan's military buildup, but his reputation for compromise prompted liberals and conservatives alike to make optimistic forecasts for his tenure at the Pentagon.

Unlike John G. Tower, whose nomination to be defense secretary was rejected by the Senate last week, the congressman from Wyoming, who began his sixth term this year, has never been a leading congressional spokesman on military affairs.

So it is hard to use Mr. Cheney's record in the House of Representatives to predict with any detail the policies he might pursue as defense secretary.

Mr. Cheney, a member of the House Select Committee on Intelligence and the ranking Republican on its Program and Budget Authorization subcommittee, has an extensive background in intelligence.

But he has had little recent involvement in military policy and no experience in managing a bureaucracy the size of the Defense Department, with its approximately two million civilian and military employees.

Still, conservative military analysts and members of Congress drew comfort from Mr. Cheney's clear conservatism, his consistent backing of the military programs of the former president, and his avid support for the use of force to protect U.S. interests abroad.

Mr. Cheney has backed such military causes as the MX missile, production of weapons using poison gas, and development of an anti-missile shield. He also fought on the House floor for aid to the Nicaraguan, Angolan and Afghan rebels.

Liberals, meanwhile, said that the congressman had shown himself to be bound at all times by ideology.

They noted that he had broken with the Reagan administration on important issues, like Mr. Reagan's efforts to cut corporate and capital gains taxes, and had worked behind the scenes to help persuade the administration to withdraw the Marines from Beirut after the bombing of the U.S. Embassy in October 1983.

Mr. Cheney also has been active in a bipartisan congressional caucus devoted to improving Pentagon procurement practices.

"Cheney approaches defense

See CHENEY, Page 5

U.S. to Ask Israel and PLO to Ease Stress

By John M. Goshko
Washington Post Service

WASHINGTON — The United States plans to use the visit here Monday of Foreign Minister Moshe Arens of Israel to begin pressing Israel and the Palestine Liberation Organization for steps to reduce tensions in the West Bank and Gaza Strip. The United States hopes that an improved atmosphere will increase chances for peace negotiations.

The U.S. campaign, which one State Department official described as "asking each side for some practical, on-the-ground concessions to make life less onerous in the occupied territories," will begin during Mr. Arens's daylong round of talks with President George Bush, Secretary of State James A. Baker 3d and other senior administration officials.

The campaign will continue in Tunis later this month at a U.S. meeting with PLO representatives. Officials said Israel would be asked to expand steps it has taken to avoid massing large numbers of soldiers in areas heavily populated by Palestinians, to release more Palestinians who have been detained as a result of the unrest and to allow Palestinians to travel in and out of the territories more freely.

On the other side, the officials continued, Robert H. Pelletreau Jr., the U.S. ambassador to Tunisia, who is handling the dialogue with the PLO, will tell PLO leaders that the United States wants them to try to influence the leaders of the Palestinian uprising to tone down actions encouraging the violence that has inflamed the territories for 15 months.



An Israeli soldier questioning a Palestinian suspect after his arrest in the stabbing of a soldier in the West Bank city of Bethlehem.

Mr. Pelletreau will again urge the PLO chairman, Yasser Arafat, to make greater efforts to curb the radical factions of his organization that have persisted in trying to send guerrilla squads into Israel from Lebanon, officials said.

The U.S. approach is certain to disappoint the wide array of foreign governments — including America's principal allies in the Arab world and Western Europe as well as the Soviet Union — calling for the United States to pressure Israel into agreeing to an international peace conference that would include the PLO.

But the officials said that Mr. Baker believed that the uprising

and perhaps create a space where the two sides can develop greater mutual trust.

Prime Minister Yitzhak Shamir of Israel is expected to visit Washington in April. The Israelis have indicated he will bring a proposal to hold elections and institute limited self-government for the 1.7 million Palestinians in the West Bank and Gaza.

Mr. Pelletreau has not met formally with the PLO since Dec. 16, shortly after George P. Shultz, then secretary of state, authorized a dialogue in response to Mr. Arafat's pledge to abandon terrorism and recognize Israel's right to exist. Subsequent informal meetings have been devoted largely to U.S. complaints about attempted incursions into Israel by radical Palestinian forces.

On another priority foreign policy matter, Central America, State Department officials said that Mr. Baker had finished consulting with Congress about a new approach to dealing with Nicaragua and was expected to submit the Bush administration's request for renewed nonlethal aid to the Nicaraguan rebels, or contrast, this week.

Noting that the Baker plan for was tied to the idea of giving Nicaragua's Marxist-led government incentives to move toward democracy, the officials said the administration would ask Congress to extend contra aid until roughly one month after Nicaragua held new elections.

The elections are scheduled for November 1990, but President Daniel Ortega Saavedra has offered to move them up to February in exchange for agreement on dismantling the contras.

Botha Defies Rising Pressure to Resign

By John D. Battersby
New York Times Service

JOHANNESBURG — President Pieter W. Botha, the ailing and beleaguered South African leader, indicated Sunday that he had no intention of heading mounting pressure within the governing National Party for him to resign as president.

"I am not an old man clinging to power," Mr. Botha said in an interview on state-controlled television. "I am clinging to the constitution of the country, I am clinging to good order and I am clinging to the idea of discipline."

It had been suggested to him by the interviewer that people were saying he was an old man who had been wrongly advised by people near to him and that he was out of touch with reality.

Appearing in his first television interview since he had a stroke on Jan. 19, Mr. Botha looked drawn and had clearly lost a good deal of weight. He frequently hesitated while answering questions from the interviewer.

Mr. Botha dismissed the prospect of an early election, which has been demanded by most National Party legislators, and indicated that he intended to stay on for his full term, which ends in March 1990.

"There can't be an election now because an election must be called by the state president," he said.

Since Mr. Botha had the stroke, the country has been run by an acting president, J. Christiaan Heunis, and by Frederick W. de Klerk, who was elected leader of the governing party when Mr. Botha

the unexpectedly stepped down from that post on Feb. 3.

In spite of the disruption of the split leadership, Mr. de Klerk has won growing support within the party and has hinted at major changes including the scrapping of remaining apartheid laws. He has also defused a nationwide hunger strike by approving the release of hundreds of political detainees.

Mr. Botha, 73, announced last week his intention to return to work as president Wednesday, and this has been portrayed in South African newspapers as a potential obstruction to the new momentum for reform.

But he said in the interview that it was he who had originated the concept of change, proceeding on the basis that it must not lead to a

handing over of power or undermine stability and order.

"I'll pursue solutions around the conference table," he said.

During the past two weeks Mr. Botha has been portrayed as an increasingly pathetic and isolated figure by the full spectrum of the South African news media.

Newspapers have lampooned him in cartoons and warned in editorials that if he insists on remaining in office he could destroy much of what he had achieved in his 10 years in power.

Mr. Botha's decision to separate the presidency from the party leadership means that he will hold effective constitutional power, but will have no political power.

He said that the separation of posts was a "constitutional problem" that had to be resolved.

A Setback For Kohl In Hesse

Social Democrats Win Frankfurt; Far Right Gains

By Robert J. McCartney
Washington Post Service

BONN — Chancellor Helmut Kohl's conservative Christian Democrats lost control of the Frankfurt city government in local elections Sunday, and the results confirmed a recent trend toward gains for parties of both the far right and the left.

The left-of-center Social Democrats replaced the Christian Democrats as the largest party in Frankfurt, the major city in Hesse state, and appeared nearly certain to lead the next city government.

They were in a position to form a strongly leftist coalition with the environmentalist Greens Party, which proposed such an alliance in a statement issued after the vote results were made public.

The archconservative National Democratic Party posted a showing of 6.6 percent and won seven seats on the Frankfurt city council, according to preliminary results. The party did not run in the last city election four years ago.

The Christian Democrats' sharp, 13-percentage-point drop in Frankfurt came six weeks after Mr. Kohl's party lost control of West Berlin in city elections there.

The Christian Democrats had governed Frankfurt for 12 years, and the result was certain to increase pressure on Mr. Kohl to try to find a new strategy to improve his party's fortunes before the next national elections, in December 1990.

As in West Berlin, the Christian Democrats lost votes to the right in Frankfurt.

The National Democrats criticized the Christian Democrats during the campaign for what it said were excessively lax policies toward foreigners.

A different far-right party, the Republicans, scored surprising gains in the West Berlin election, also on an anti-foreigner platform.

"The trend toward the radical right has been confirmed," said a television commentator on ARD, one of the nation's two principal broadcasting networks.

He said the results would provide "food for thought" for the Christian Democrats and encourage Mr. Kohl to "correct" the policies of his center-right government in Bonn.

The far-right's gains in Frankfurt, combined with smaller gains by the Social Democrats and Greens, effectively shifted political control to the left.

That was the same net result as in West Berlin, where the Social Democrats and the Alternative List, a branch of the Greens, agreed last week to form a coalition to replace a conservative-led government.

The Social Democrats raised their share of the vote from 38.6 percent to 40.1 percent in Frankfurt on Sunday, and will have 40 seats in the new city council.

The Greens' showing improved from 8 percent to 10.1 percent, and they will have 10 seats.

The Christian Democrats' share dropped from 49.6 percent to 36.6 percent, and they will have 36 seats on the city council.

Rightists Gain in Austria
Austria's rightist opposition Freedom Party made marked gains in local elections Sunday in three of the country's nine provinces — Carinthia, Salzburg and the Tyrol.

The ecological Greens Party won seats in the regional parliaments of the Tyrol and Salzburg for the first time.

The overall result was seen as disastrous for the conservative People's Party. The Freedom Party leader, Jörg Haider, said late Sunday that his party's victory had been "historic."

Charles Goodhart, professor of banking and finance at the London School of Economics, added, "The benefits of staying out have been that she's been able to run her own ship, to organize her own policy on interest rates and the pound."

"The problem is that we're being seen as reluctant Europeans," Mr. Goodhart continued. He added

See EMS, Page 5

'The Myth of 1992 Has Made Us Blind'

French Best-Seller Scoffs at the Idea of a United Europe

By Mary Blume
International Herald Tribune

PARIS — As the 12 nations that form the European Community gird themselves to become, after 1992, a single entity called Europe, there are those who see darkness, rather than light, at the end of the tunnel. "The myth of 1992 has made us blind," says Alain Minc, whose book "La Grande Illusion" argues that the single market will not confer on its members a common economic identity and that a common economic identity would not create a common destiny.

Europe, Mr. Minc says, does not correspond to strategic realities but to what he calls a *mythe vertueux*, a myth whose virtues are mobile and reassuring. His own view is that the single market contains seeds of unprecedented violence: what he calls a Darwinian nightmare that is both inevitable and unjust.

In addition to questioning the notion of Europe, Mr. Minc casts a cold eye on some of the partners. The only contribution Britain has made to Europe, he says, is its language, which should become the lingua franca of the future. He denies, in English, that he is as anti-Thatcher as he seems in his book.

"Not at all," he says. "She just seems as unsympathetic to me as de Gaulle seemed to the British 20 years ago. She is de Gaulle."

His most important reservations are about the role of Europe's most powerful partner, Germany. He is convinced that, despite its denials, West Germany is looking eastward in order to become a united neutral Germany.

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Alain Minc: "There are no solutions."

Few Huzzahs for EMS in London

Thatcher Cold to Currency System After 10 Years

By Warren Getler
International Herald Tribune

LONDON — As the European Monetary System celebrates its 10th anniversary Monday, little congratulatory cheer is expected from No. 10 Downing Street.

Prime Minister Margaret Thatcher of Britain has been described by political commentators here as an "Iron Lady who's not for turning." The epithet perhaps is most accurate when it comes to her stance on the European Community's joint currency.

Throughout her 10 years in office, the British leader has given a cold shoulder to requests for London to become a full member of the European Monetary System, the broadly successful system of managed exchange rates on the Continent.

"Not until the time is right," has been her standard answer to the perennial question of when Britain would commit itself to the EMS's intervention mechanism — which obliges members' central banks to use foreign-exchange reserves to stabilize currency values within specific ranges.

But economists and other observers are generally convinced that "not yet" is Mrs. Thatcher's code for "never."

"I think the chances are zero of Britain becoming a full member of the EMS while Mrs. Thatcher is prime minister," said Bill Martin, an economist with UBS/Phillips & Drew, the London brokerage house.

"It's one of her most deeply entrenched views," Mr. Martin said. He added that Mrs. Thatcher was

"an Atlanticist at heart," one who instinctively believes that British voters were not much in sympathy with Continental European institutions.

Julian Oliver, an economist with American Express Bank in London, said Mrs. Thatcher "has tapped into a deep nationalist vein among the British electorate."

Charles Goodhart, professor of banking and finance at the London School of Economics, added, "The benefits of staying out have been that she's been able to run her own ship, to organize her own policy on interest rates and the pound."

"The problem is that we're being seen as reluctant Europeans," Mr. Goodhart continued. He added

Taiwan Expects Its Influence to Expand, Despite Beijing

China regards Taiwan as a rebellious province where anti-Communists set up a rival government after being overthrown on the mainland in 1949. In Singapore last week, President Lee Teng-hui of Taiwan talked with Michael Richardson of the International Herald Tribune about how the island's economic strength is being used to win friends and influence.

Q. Your visit to Singapore is the first overseas trip by a president of Taiwan since 1977. Is it part of a campaign to break out of the diplomatic isolation that China has tried to impose on Taiwan?

A. The Chinese Communists have tried in every way to frustrate us in the international community. However, by coming to Singapore, I am not making any special effort to break the so-called diplomatic isolation imposed by Beijing. My visit symbolizes the importance of the substantive relationship between the Republic of China and the Republic of Singapore.

Although my country has no diplom-

atic relations with members of ASEAN, we have exchanged unofficial delegations to promote trade, investment and other forms of economic cooperation, technology transfer and people-to-people contacts.

Q. Taiwan's economy is booming. The island has amassed \$76 billion in foreign exchange reserves and emerged as a leader.

MONDAY Q&A

ing foreign investor and trading partner for Southeast Asia in 1988. Is this opening intended to provide an alternative for Taiwanese businessmen who might otherwise invest large amounts in China, via Hong Kong?

A. We have invested a total of \$2 billion in ASEAN countries in recent years. In 1988, our total trade with ASEAN was worth more than \$7 billion. Our relationship with ASEAN is based on the real needs of each side. It is not intended as an alternative to trade and investment in Communist China for our businessmen. The government [in Taipei] is unable to prohibit private indirect

trade with, or investment in, mainland China. But I believe that many people are now beginning to understand that the mainland market is extremely unstable.

Q. Taiwan has diplomatic relations with only 23 countries. Is it now trying to encourage countries that want to broaden their unofficial relations with Taiwan?

A. Yes. Some time ago, mainland China circulated a note to members of the United Nations warning that it would not tolerate double recognition of Taipei as well as Beijing, which it alleged have been promoting by our flexible diplomacy. China has threatened some countries and protested to others. I don't think these protests have been very effective and we will keep on expanding our economic relations with many nations.

Q. Do you think the time may come when the gap in living standards between Taiwan and China is so wide that it may be better for you to drop your claim to be the legitimate government of China and settle instead for an independent Taiwan.

A. I don't think so. Taiwan is like a lighthouse. It is a symbol for mainland China of what good government can achieve.

relationship with both Singapore and Indonesia.

Q. Is China taking any action to try to discourage countries that want to broaden their unofficial relations with Taiwan?

A. Yes. Some time ago, mainland China circulated a note to members of the United Nations warning that it would not tolerate double recognition of Taipei as well as Beijing, which it alleged have been promoting by our flexible diplomacy. China has threatened some countries and protested to others. I don't think these protests have been very effective and we will keep on expanding our economic relations with many nations.

Q. Beijing's one-country, two-systems

formula for reunification, promises a large measure of autonomy for Taiwan, as well as Hong Kong. Is it appealing?

A. No. We are seeking freedom, democracy and equitable distribution of wealth based on private ownership. There can only be reunification on the basis of these values.

Q. In the past two years, your government has appeared to signal a more conciliatory policy towards Beijing by relaxing a ban on travel to and from China to allow family reunions and exchanges of scientists and other selected groups. You have also allowed a greater range of indirect trade with China. Following the hostility you say you have encountered from Beijing, is this more liberal policy now being reviewed?

A. Although we must be cautious because mainland China has not abandoned its forcible reunification, we will continue this policy. It is not related to the reaction of Beijing. We want to encourage contacts so that our people know what life is like in Communist China and mainlanders know what is happening in Taiwan. That way, they will understand the difference.

Albania Journal: Progress and Paranoia

By Rob Hughes

International Herald Tribune

TIRANA, Albania — "Do not call Albania poor or backward," insists Ilija Zhulati, the Foreign Office guide. "In the University of Enver Hoxha, we train 13,000 students in all types of discipline — history, foreign languages, sciences. Our doctors, for example, do open-heart surgery, which costs the people not one coin."

Whatever causes heart disease here, it can't be the pace of life. Communist Albania remains a rural bypass governed by one party and by a single set of traffic lights in the capital.

A timelessness pervades Tirana. By night, units of bicycles flit back and forth; by day, cyclists and pedestrians while away the time around a main square dominated by Mr. Hoxha, the late leader, cast large in bronze.

There appears nothing to do but make conversation, no place else to

go. There are no cinemas and no gambling dens, a television set costs more than a year's labor and religion is sin.

"Are these the unemployed?" a visitor asks.

"There is no unemployment in Albania," the chaperon says. He pauses, contemplating the inert throng. "Perhaps," he suggests, "these are shift workers, or students."

On the tortuous journey through mountainous terrain between Tirana and the northern industrial town of Shkoder the bus driver turns on music — Frank Sinatra in full-voice "New York, New York." Particularly poignant: "If I can make it here, I'll make it anywhere."

Likewise the housing. A two-room apartment, with kitchen, in Tirana might only set you back the equivalent of \$3 a month, but the austerity of the buildings reflects a land through which Romans, Serbs, Greeks, Turks and Germans seem to have left no architectural mark.

Boys watch. Men play cards out in the open with improvised brown-paper packs. Maybe they're shift workers, or students.

Mr. Zhulati switches off Mr. Sinatra. "You see how Albania, from 85 percent devastation in 1944 and 90 percent illiteracy, feeds herself," he says.

From fields reclaimed from malarial swamps, Albania grows all its own grain. From rivers it produces electricity for export; from mountains it extracts copper and chrome.

"A dark satanic mill," Aldous Huxley wrote, "should look like a dark satanic mill," and the industrial blots scarring the Albanian landscape are more satanic than any mill ever was.

Likewise the housing. A two-room apartment, with kitchen, in Tirana might only set you back the equivalent of \$3 a month, but the austerity of the buildings reflects a land through which Romans, Serbs, Greeks, Turks and Germans seem to have left no architectural mark.

his companions. "We must not speak that name. He was traitor, it is finished. I wish you good stay, I must go."

Later the visitor finds in his press clippings a reference to Mr. Shehu's suicide in December 1981 and his denunciation as an agent of the KGB, the CIA and the Yugoslav secret police.

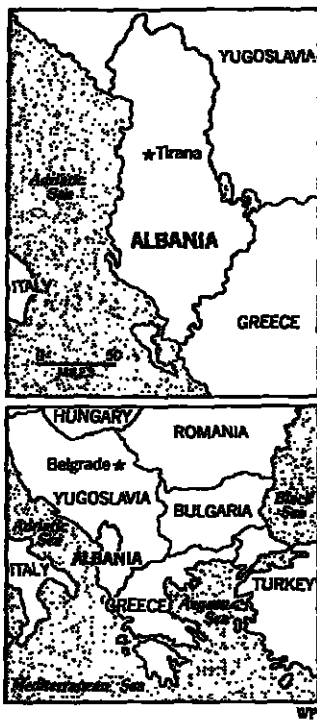
A small military brass band has played for hours outside the English soccer team's hotel. The players did not emerge — they seldom do on foreign trips, sealing themselves away to play cards or watch television even where programs are blurs to them. So much for building bridges through sport.

Tirana's oldest and newest historical exhibits stand adjacent down a tree-lined boulevard that would grace Paris or Barcelona. The archaeological museum, almost 50 years old, is closed for the day. But a dignified young man greets two visitors in faltering English. "Please — come on in."

Guiding the visitors around objects dating from 14th-century Iliria, he apologizes for the absence of treasures on loan to West Germany. His courteous civility is testimony to the culture handed down. They enter the newly opened Enver Hoxha Museum, the latest shrine to the man who, through unrelenting Stalinist rule, made today's Albania.

It is a futuristic building, fashioned like a star. Inside, under opulent chandeliers, is a huge white marble statue of Mr. Hoxha, seated and surrounded by the trappings of office — Albanians dress over his 1941 green and black Fiat automobile. He is, despite all we've heard about his repressiveness, a leader who since his death in 1985 has generated a cult following.

When a visitor opines that he surely wrought a fearful price in loss and imprisonment lives for his power, the Foreign Office guide replies: "He made some mistakes, but the bread that was put in my mother's mouth was put there by Hoxha."



Changes Fall Short, Yeltsin Says

Reuters

MOSCOW — A former senior Kremlin leader, running for election to a new legislature, told Moscow residents Sunday that some of the policies put forward by Mikhail S. Gorbachev were inadequate.

Boris N. Yeltsin, who was deposed in November 1987 as Moscow's Communist Party chief, was speaking in a televised debate with his opponent in the campaign to represent Moscow in a Congress of People's Deputies.

"We have to take full-blooded measures, not half-measures," he replied when asked why he was still calling for reductions in military spending and the space program, when cuts had already been announced. "These were half-measures."

Mr. Yeltsin, 57, in another criticism of official policies, said capital investment in heavy industry should be cut by 40 percent "and not by the 5 to 7 percent suggested by some economists and some other people."

Ievgeny A. Brakov, 51, director of the ZIL automobile plant, faced Mr. Yeltsin in the debate.

Mr. Yeltsin, who was dropped as a junior member of the Communist Party's ruling Politburo a year ago, said he was happy that he had been allowed to talk to all Muscovites through television.

Although he has been interviewed on Moscow radio, his supporters said that he had been kept off television, which reaches more people. They also labeled Mr. Brakov as the "official" candidate, backed by the party authorities in Moscow.

In a reference to this issue, Mr. Yeltsin told viewers: "The Moscow City party is using all the powerful propaganda means at its disposal to support one of the two candidates. I do not think this is correct."

Mr. Brakov said he had no complaints about the way the candidate selection process, widely criticized by revisionists, had gone. He said that Mr. Yeltsin's campaign had been "more active and noisier" than his.

Mr. Yeltsin told viewers that he had not been in good health at a party meeting in November 1987 when he was publicly criticized by Mr. Gorbachev and city officials, and ended up agreeing that he had been "too ambitious."

"In the condition I was at that time, it is not surprising I said things that I did not really feel," Mr. Yeltsin said. "I do not think I am over-ambitious."

Elections Under Way

William Drodach of The Washington Post reported from Moscow:

The election of the first five members of a revamped Soviet legislature has launched nationwide balloting that will result in the new 2,250-seat Congress.

The five members of the new legislature were nominated in advance and ran unopposed, reflecting the lack of choice in many constituencies that has engendered some of the sharpest criticism of the new electoral system.

Despite Mikhail S. Gorbachev's professed desire to promote greater democracy through multistage elections, only 880 people have been put forward for the 720 seats reserved for trade unions, social groups and the Communist Party. The party's policy-making Central Committee is expected to endorse this week a list of 100 candidates for its 100 reserved places.

Among the remaining 1,500 seats assigned to regional constituencies, one candidate is running. Those seats will be filled when the election process culminates March 26 in direct voting across the country.

Once formed, the new congress will in turn elect an upper chamber that will be in session for up to eight months a year. The disbanded Supreme Soviet met twice a year to endorse Central Committee decisions.

The two-week electoral process began Saturday as the Society of Inventors filed the five seats allocated to it as one of the country's privileged social organizations.

Latvians Support Changes

About 250,000 Latvians rallied Sunday in Riga, the capital, to press for official recognition of the Latvian language and to voice support for political and economic changes, organizers said.

WORLD BRIEFS

Sudan Islamic Front to Be Excluded From Mahdi's Next Government

KHARTOUM, Sudan (From Combined Dispatches) — Prime Minister Sadek Mahdi said Sunday that he would name a new government Monday but that there would be no place for the fundamentalist National Islamic Front.

Mr. Mahdi's announcement was made a day after he bowed to demands from the army and opposition and submitted the resignation of his government amid an escalating political crisis brought on by economic difficulties and the civil war in the south. The National Islamic Front, which formed an integral part of Mr. Mahdi's previous coalition government, has refused to sign a program of government approved by all other political parties and groupings last week.

Under increasing international pressure, the government says it has agreed to large-scale deliveries of relief food intended to avert a repetition of the hundreds of thousands of deaths from starvation that occurred last year.

But senior Western aid officials are skeptical that the government would be willing and able to convert its verbal approval into action. One official said it would need a "revolution" in the organizational ability of the government, beset by a chaotic economy and logistical inadequacies, for the food to reach the needy areas before the onset of the rainy season in six weeks. (AP, NYT)

Survivors Offer Hints in Crash of Jet

DRYDEN, Canada (UPI) — Survivors of a plane crash that killed 24 persons in central Canada said that the Air Ontario jetliner seemed to lack sufficient power as it took off in a snowstorm and had reduced weight by dumping fuel at a previous stop.

Twenty-two bodies were found Saturday in charred wreckage in a forest about a half-mile from the Dryden airport. Two other persons died in hospitals.

Officials said that three of the four-member crew were among those killed in the crash Friday of Flight 363, a Fokker F-28 bound for Winnipeg, Manitoba, with 65 passengers.

U.S. Is Said to Avoid Noriega Clashes

WASHINGTON (UPI) — U.S. officials are deliberately playing down the level of harassment and violence against U.S. military personnel and their families in Panama to avoid a new confrontation with General Manuel Antonio Noriega, an independent military publication said Sunday.

Citing a Feb. 28 Defense Department memo, the Army Times reported that there have been more than 1,000 incidents of harassment by General Noriega's Panama Defense Forces in the last 13 months and the incidents are increasing rapidly.

The memo said that last month alone there were 42 separate cases in which U.S. servicemen were detained without charge and 36 incidents in which their freedom of movement was denied, the weekly newspaper said. The incidents included cases where they were struck, kicked and punched, it said.

Pinochet Cites Constitutional Stance

SANTIAGO (AP) — President Augusto Pinochet has said that he is willing to consider some constitutional changes sought by the opposition. Critics have suggested that he is maneuvering to be allowed to seek reelection.

The constitution limits the president to one term. Several opponents of General Pinochet have suggested that he may accept some constitutional changes in exchange for an amendment that would permit him to be a presidential candidate in elections that are scheduled for Dec. 14.

General Pinochet addressed a crowd outside a government building in Santiago on Saturday, saying, "Our aim is far from the intentions of those who want to dismantle our institutional structure or those who think that the president who leads the country is acting with some hidden personal aim." Anti-government demonstrators and supporters of Mr. Pinochet clashed in central Santiago after the speech. There were no immediate reports of arrests or serious injuries.

Lebanon's Airline Halts All Flights

BEIRUT (AP) — Middle East Airlines, Lebanon's national carrier, suspended all flights Sunday until further notice after a week of heavy fighting in hills southeast of the Beirut airport.

The airline said the decision was made after international insurance companies said they would no longer cover their operations. The suspension prompted the de facto closure of Beirut International Airport, correspondents said. MEA flights account for 90 percent of Beirut air traffic.

Tension was reported high in the hills southeast of the airport, although fighting between army troops loyal to General Michel Aoun, head of a Lebanese Christian cabinet, and militiamen of the Druze Progressive Socialist Party had died down.

TRAVEL UPDATE

Eastern Rules Out Ticket Refunds

NEW YORK (NYT) — Eastern spokesmen have reiterated that the airline, which filed for bankruptcy on March 9, is legally forbidden from providing refunds to the thousands of people who are holding \$200 million in prepaid tickets. "We are at the full direction of the court," an Eastern spokesman said. "We do not have any control of our funds."

But the airline has advised ticket-holders to send a copy of their ticket and a note explaining why the ticket is unused to Eastern Airlines Inc., Refund Accounting — MIAAR, Miami International Airport, Miami, Florida 33148. Eastern stressed, however, that the airline had no idea when — or even if — refunds would be processed.

The secretary of transportation, Samuel K. Skinner, said that the Eastern affair was not a national emergency and that President George Bush was firmly opposed to intervening.

Malaysian Airline System is to add two more flights to London after three years of negotiations with Britain, Transport Minister Ling Liong Sik said. The flights will bring the weekly total to seven. (AP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Gibraltar, Greece, Lesotho, New Zealand, Swaziland, Zambia.

WEDNESDAY: Liberia.

FRIDAY: Ireland.

SUNDAY: Andorra, Costa Rica, Liechtenstein, Malta, San Marino, Spain, Vatican City, Venezuela.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Algeria	19	14	10	fr	Bangkok	26	20
Amsterdam	12	8	4	fr	Beijing	21	15
Antwerp	12	8	4	fr	Bombay	28	22
Athens	15	10	6	fr	Calcutta	28	22
Berlin	12	8	4	fr	Hong Kong	26	20
Birmingham	12	8	4	fr	Kobe	21	15
Bombay	28	22	16	fr	London	12	8
Buenos Aires	12	8	4	fr	Los Angeles	12	8
Cardiff	12	8	4	fr	Manila	26	20
Chennai	28	22	16	fr	Medan	26	20
Copenhagen	12	8	4	fr	Osaka	21	15
Dublin	12	8	4	fr	Seoul	21	15
Edinburgh	12	8	4	fr	Singapore	26	20
Frankfurt	12	8	4	fr	Taipei	26	20
Geneva	12	8	4	fr	Tokyo	21	15
Helsinki	12	8	4	fr			
London	12	8	4	fr			
Los Angeles	12	8	4	fr			
Lyon	12	8	4	fr			
Moscow	12	8	4	fr			
Munich	12	8	4	fr			
Nairobi	12	8	4	fr			
Paris	12	8	4	fr			
Rangoon	12	8	4	fr			
Rome	12	8	4	fr			
San Francisco	12	8	4	fr			
Shanghai	12	8	4	fr			
Singapore	12	8	4	fr			
Taipei	12	8	4	fr			
Tokyo	12	8	4	fr			
Yokohama	12	8	4	fr			

MONDAY'S FORECAST — CHINA: Beijing: Partly cloudy; rain, 10-15 (7-20). Shanghai: Partly cloudy; rain, 10-15 (7-20). Hong Kong: Partly cloudy; rain, 10-15 (7-20). Taiwan: Partly cloudy; rain, 10-15 (7-20). South Korea: Partly cloudy; rain, 10-15 (7-20). Japan: Partly cloudy; rain, 10-15 (7-20). Philippines: Partly cloudy; rain, 10-15 (7-20). Thailand: Partly cloudy; rain, 10-15 (7-20). Malaysia: Partly cloudy; rain, 10-15 (7-20). Singapore: Partly cloudy; rain, 10-15 (7-20). Indonesia: Partly cloudy; rain, 10-15 (7-20). Vietnam: Partly cloudy; rain, 10-15 (7-20). Laos: Partly cloudy; rain, 10-15 (7-20). Cambodia: Partly cloudy; rain, 10-15 (7-20). Myanmar: Partly cloudy; rain, 10-15 (7-20). Bangladesh: Partly cloudy; rain, 10-15 (7-20). India: Partly cloudy; rain, 10-15 (7-20). Pakistan: Partly cloudy; rain, 10-15 (7-20). Sri Lanka: Partly cloudy; rain, 10-15 (7-20). Nepal: Partly cloudy; rain, 10-15 (7-20). Bhutan: Partly cloudy; rain, 10-15 (7-20). 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Giulio

THERE'S MORE TO OLYMPUS INNOVATIVE POWER

To consider the recent history of cameras in Europe without Olympus would be inconceivable. The combination of technical achievement and trendsetting design is the basis of Olympus' success today.

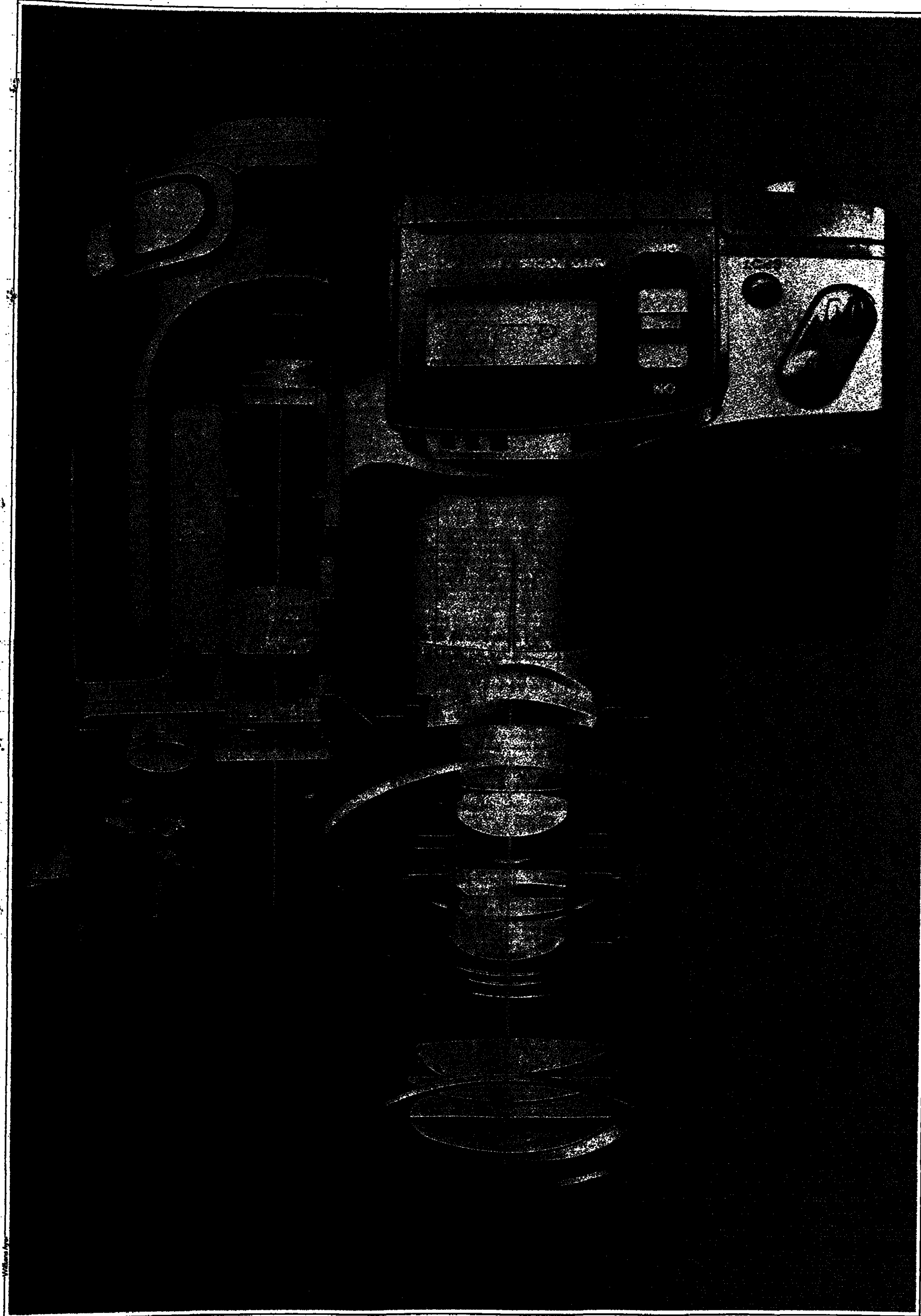
Last, Olympus once again demonstrated its innovative technical ability: the AZ-300 Super Zoom marked the beginning of a new concept in cameras by combining the advantages of Single Lens Reflex and Lens Shutter Cameras. The verdict of the European camera press? They voted the AZ-300 Super Zoom '88/'89 compact camera of the year!

FUTURE PROSPECTS

The headquarters of Olympus' European activities has developed in its 25 year existence from being purely a marketing and distribution company into an autonomous European Organisation, committed to research, development, manufacturing, sales and servicing on an international scale, with the claim of leadership not only in the field of cameras, but also in other important product areas of optical electronics.

COMPANY POLICY

More and more the general public is questioning the degree of social awareness and commitment shown by companies as well as their activities from an ecological standpoint. Olympus demonstrates understanding and sensitivity, following a company policy that puts people first. For the benefit of the community and the individual Olympus established in 1988 the "Olympus - Science for Life" foundation, to provide sponsorship and further training for up and coming scientists.



There's more to Olympus: Cameras, Medical & Industrial Endoscopes, Microscopes, Bio-Medical Products and Office Equipment. If you would like more information about Olympus, please contact: Olympus Optical Co. (Europe) GmbH, Wendenstraße 14-16, 2000 Hamburg 1, F.R.G.

OLYMPUS

SCIENCE FOR LIFE

FBI Sifts Bombing Evidence

Iran Blames U.S. In Attack on Car

Compiled by Our Staff From Dispatches
SAN DIEGO — The FBI says that its evidence points to a pipe bomb as the device in the destruction of a car driven by Sharon Lee Rogers, the wife of the captain of the navy cruiser that mistakenly shot down an Iranian passenger jet in July.

The Iranian news agency IRNA said Sunday that the U.S. government masterminded the attack to justify the expulsion of Iranians living in the United States. IRNA, quoting the daily English-language Kayhan International, said the bomb attack "will not be the last attempt to implicate Iran."

Tom Hughes, the agent in charge of the FBI's San Diego office, which is in charge of the investigation, said there were fragments "that would lead one to believe this is a pipe bomb."

Government officials say they suspect that the bombing was aimed at Captain Will C. Rogers 34, the commander of the cruiser Vincennes, which mistakenly shot down an Iran Air jetliner over the Gulf on July 3, killing all 290 people on board.

The van, which was frequently driven by Captain Rogers, was destroyed early Friday while it was being driven by his wife. She escaped uninjured by fleeing the vehicle just after the bomb went off but before the van was engulfed in flames.

Navy officials said that the couple were being housed at an undisclosed location for their protection.

In Washington, a government official said that witnesses in the neighborhood of the Rogers home had recalled seeing several suspicious people in the past few months.

Some recalled seeing at least one such person on foot. Another was seen in a car. The official said investigators would seek to determine if any of those reports might provide a link to the bombing.

The official mentioned other possibilities besides a revenge attack by Iranians, including the possibility that it was the work of a disgruntled navy colleague or a deranged person with no link to the Middle East.

The official said a preliminary check of the van's undercarriage showed markings consistent with a bomb explosion apparently centered near the car's catalytic converter.

"It has all the dispersion earmarks of a pipe bomb," he said. "But it was either not too sophisticated a bomb or not too properly placed; it does not have the earmarks of someone who knew what they were doing."

A Bush administration official said that in other countries many such bombings had been linked to Iranians and that the apparent lack of sophistication in this case did not necessarily rule out an Iranian connection.

"You never know who they might have something out to," the official said.

No organization has taken responsibility for the attack.

The FBI director, William S. Sessions, said that there was no direct evidence so far that the bomb was planted by terrorists.

(NYT, AP, WP)



Pope John Paul II addressing American Roman Catholic archbishops during their four-day Vatican meeting with the pope and his aides.

Pope and U.S. Prelates Rebuild Trust

By Peter Steinfelds

ROME — Roman Catholic archbishops from the United States have emerged from an unusual four-day meeting with the pope and his aides saying the session had largely succeeded in countering misunderstanding between the Vatican and the American Catholic hierarchy.

In formal statements and private comments, liberals and conservatives alike expressed satisfaction with the long-awaited meeting, first proposed three years ago.

The conference was marked by "candor, conviction, and kindness," said Archbishop Daniel E. Pitarz of Cincinnati, the vice president of the American bishops' conference.

Archbishop Rembert G. Weakland of Milwaukee, who admitted approaching the meeting with skepticism, said that the Americans "had felt free to speak frankly."

Pope John Paul II was described as having listened attentively throughout almost all the closed-door sessions, which began Wednesday and involved 25 high-ranking prelates from Vatican offices and 36 from the United States.

Topics of discussion included the state of the American Catholic priesthood, the American Catholic family, Catholic schools, and the use of television to spread the faith.

But the underlying issue was the confidence of the pope and the Vatican offices in the leadership of the American church.

Not all the discussion was theological. Cardinal Edouard Gagnon, the head of the Vatican's office on the family, denounced American television shows like "Dallas" as a new pornography "that pretends to depict normal American life."

He also said, "Planned Parenthood programs of sex education in no way resolve the problem of teenage pregnancies, but rather increase it by encouraging promiscuity."

Cardinal Achille Silvestrini, the Vatican official overseeing annulments, cited statistics that showed an unusually high number of annulments granted in the United States as compared with the rest of the world.

Several of the Americans, including Archbishop Roger M. Mahony of Los Angeles and Cardinal Ed-

mund C. Szoka of Detroit, immediately offered figures that showed how many more requests for annulments their dioceses had received than were even accepted for consideration.

Relations between the American church and Rome have improved since a low point in 1986, when the American archbishops proposed last week's conference in response to the disciplining of Archbishop Raymond G. Hunthausen of Seattle for what the Vatican said were doctrinal and liturgical abuses.

But tensions remain, and in opening the conference, Cardinal Joseph Ratzinger, the head of the Vatican office concerned with doctrinal orthodoxy, highlighted them by declaring that every bishop must

be "a martyr" who courts unpopularity and suffers for the truth.

Cardinal Ratzinger's theme, a bishop's responsibility to teach the truth, ran throughout the discussions, according to reports from participants and the texts of the two formal presentations that began each session.

He criticized bishops in general for letting their own teaching be drowned out by "so-called experts" in religious education and the "discordant concert" of theologians.

While he maintained that the antidote to those pressures was an unyielding proclamation of church teaching, some of the Americans recalled that older theology texts indicated varying degrees of certainty about different church

teachings. They suggested a revival of this carefully modulated attitude about what was essential to the faith.

Archbishop John R. Roach of St. Paul and Minneapolis said that in nonessential matters of faith, compromise should be seen not as weakness but a way of keeping communications open.

He said that a flexible attitude by bishops might risk misunderstandings but that give-and-take had often allowed conflicts between bishops and theologians to be resolved.

Cardinal Ratzinger appeared to reply to this position with a closing admonition that truth must never be sacrificed for the sake of peace in a diocese.

U.S. Seeks to Recover Mujahidin's Stingers

By Elaine Sciolino

WASHINGTON — The Bush administration is increasingly concerned that it may not be able to recover hundreds of sophisticated Stinger missiles still in the hands of U.S.-backed Afghan rebels, senior administration officials say.

To prevent the Stingers from falling into the hands of private arms dealers or terrorists who could use them against American targets, the United States is devising a plan to buy back at least some of the missiles, these officials said.

The United States may try to barter items like state-of-the-art irrigation equipment, trucks, tractors and medical facilities as well as sheep and mules in exchange for the shoulder-held rockets.

The current thinking in the administration is to convert a substantial amount of covert military aid already approved by Congress into funds for reconstruction projects and the return of as many as five million refugees. Some of these "humanitarian" funds would be set aside for Stinger recovery.

The Stinger, the most advanced infantry anti-aircraft missile, which is often called the perfect terrorist weapon, was crucial in neutralizing Soviet air power in Afghanistan. But it has lost much of its importance on the battlefield now that the Soviet troop withdrawal has sharply reduced the threat of air attack.

Officials acknowledge that it may be impossible to persuade the rebels to return even some of the Stingers. Since the rebels expect huge amounts of aid for Afghanistan's recovery from the United States anyway, they may not feel compelled to give back the Stingers as part of a barter arrangement.

"It's prudent for the administration to try to recover the Stingers, but I personally doubt it will succeed," said Representative Charles Wilson, the Texas Democrat who was instrumental in persuading the Reagan administration to provide the rebels with Stingers.

"There's nothing worth as much as a Stinger," he said, "and the mujahidin aren't stupid."

Frank C. Carlucci, the former secretary of defense, put it more bluntly. "We'll never get them back, never," he said.

French Avalanche Kills 3

CHAMBERY, France — Three men were killed in the French Alps near Chambéry when an avalanche struck them as they worked on a ski slope, the police said. A fourth man was rescued after being buried in snow for an hour.

Mr. McCloy was among the most versatile men of his time. His basic profession was the law, which he practiced on Wall Street, but from 1941 to near the end of his life he was almost constantly involved in public affairs. In World War II, he served as assistant secretary of war. Afterward, he was president of the World Bank, and he was military governor and high commissioner for West Germany.

There was an interlude as chairman of the Chase National Bank and then the Chase Manhattan Bank. He was shortly back in government as an adviser on arms control to President Dwight D. Eisenhower and as a negotiator for President John F. Kennedy.

He served on the commission led by Chief Justice Earl Warren to investigate Mr. Kennedy's assassination and then became a consultant to Lyndon B. Johnson on NATO, and later to Richard Nixon and Gerald R. Ford.

Between times and often concurrently, he was board chairman of the Ford Foundation, chairman of the powerful Council on Foreign Relations and board chairman of a dozen or so other entities.

Mr. McCloy was conservative in outlook without being partisan. He worked for four presidents who were Democrats and three who were Republicans. He had his fa-

vorites. Among them, he had said, was Harry S. Truman, who appointed him high commissioner for Germany in 1949.

His three-year mission in West Germany was, he believed, among the most interesting of his assignments. His essential task was to create a civilian government in West Germany after four years of military rule, and to rebuild its industry and commerce. He worked on the contractual agreements that superseded the U.S. occupation in 1955 and, equally important, supervised the granting of \$1 billion in aid to the economy of what became the Federal Republic.

"I had the powers of a dictator as high commissioner of Allied Forces in West Germany," Mr. McCloy recalled, "but I think I was a benevolent dictator. I think the rebuilding came off very well, with no significant problems. It wasn't a matter of ordering things done so much as using orderly persuasion with the Germans."

Mr. McCloy was also charged with the program to intern Japanese-Americans in World War II. He defended that wartime policy in 1981 before a congressional commission chartered to determine whether the 120,000 people uprooted from their homes on the West Coast and relocated in camps in the Midwest and East in 1942 were entitled to compensation.

The internment program was "reasonably undertaken and thoughtfully and humanely conducted," Mr. McCloy said. But many historians came to disagree, and Congress in 1988 approved compensation for those internees who were still alive.

AMERICAN TOPICS

The Fight on Generic Drugs Appears to Be Far From Over

Manufacturers of brand-name drugs, unable to persuade Congress to pass a law limiting the use of generic products, have moved their lobbying efforts to the states. The New York Times reports, Representative Henry A. Waxman, a California Democrat, calls it "a blatantly dishonest campaign to undermine the public's confidence in generic drugs."

About 40 percent of all prescription drugs have generic equivalents; name brands cost two to three times as much. The Pharmaceutical Manufacturers Association no longer criticizes the efficacy or safety of generic drugs, saying instead that problems can occur when patients used to one medication switch to a slightly different formulation.

Some states, influenced by local politics and by unsubstantiated anecdotes about generic-drug failures, restrict the use of generic drugs. Others are moving to make generic substitution easier.

Notes About People

Conrad Burns, a freshman senator from Montana, has made a hit in Washington with his engaging aw-shucks, down-home manners. The Washington Post reports, but some of his constituents are not happy about it. He has appeared on several television talk shows, picking his teeth with a pocket knife, promising not to chew tobacco in the Senate chamber and joking that "there are some awful good folks in Montana — some of them can read and write."

Montana's largest newspaper, The Billings Gazette, said in an editorial, "Thanks, Conrad, for telling the world what hicks we are in this state."

Mickey Spillane has written his first novel in 19 years about his tough-guy detective, Mike Hammer, hero of "I, the Jury," "My Gun Is Quick" and other blood-lettings. The 71-year-old writer is reportedly asking nearly \$1.5 million. He says the tax man makes it necessary for him to keep writing.

Short Takes

Cash may become illegal for all but transactions of under, say, \$10, writes Burnham P. Beckwith, an economist, in the March-April issue of The Futurist magazine. Checks and electronic fund transfers would be used instead. Such restrictions, he writes, "will make it impossible for criminals to obtain or spend illegal income," since bank transactions are easily traced.

With the hotel business ever more competitive, many hotels are letting guests choose their own checkout times instead of having to leave, say, at the stroke of noon no matter what. "With the computer," notes James Camassa, a travel industry consultant in Miami, hotels are "able to systematize and manage. It's inventory management, being able to set aside a certain proportion of rooms and then adjusting the cleaning and checkout schedules to that."

Sign in a New York City deli, reported in The New York Times: DON'T CRITICIZE THE COFFEE. YOU MAY BE OLD AND WEAK YOURSELF SOMEDAY.

Arthur Higbee

John McCloy, Presidential Adviser, Dies

New York Times Service

NEW YORK — John J. McCloy, 93, the lawyer and diplomat who was the U.S. high commissioner in postwar Germany and an adviser to presidents from Franklin D. Roosevelt to Ronald Reagan, died Saturday at his home in Stamford, Connecticut.

Mr. McCloy was among the most versatile men of his time. His basic profession was the law, which he practiced on Wall Street, but from 1941 to near the end of his life he was almost constantly involved in public affairs. In World War II, he served as assistant secretary of war. Afterward, he was president of the World Bank, and he was military governor and high commissioner for West Germany.

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Mr. McCloy had been one of the few aware of the intention to use the atomic bomb against Japan. He argued that the United States should issue a warning to enable the Japanese to surrender, but was overruled.

Other Deaths
Helen Grace Costas, 89, who was Leonard Bernstein's piano teacher and then, for 46 years, his personal secretary, Feb. 27 at her home in New York.

Richard Bertha, 88, who rose through poverty and racism to become an internationally known sculptor of varied works, including

Haitian coins and sculptures in New York's Central Park, on March 6.

Frances T. Penney, 92, the last surviving child of J.P. Morgan, the financier, Saturday after a stroke at her home in Locust Valley, New York.

Joseph Ferriello, 61, the reputed boss of the Chicago crime syndicate since 1985, Saturday in Houston after a heart attack.

Lord Crook, 89, a former British delegate to the United Nations and vice president of the UN Administrative Tribunal for nearly 20 years, Friday after a three-and-a-half-year illness.

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Weizsäcker to Pardon Jailed Leftist Terrorist

Reverses
BONN — President Richard von Weizsäcker of West Germany has agreed to pardon a jailed former far left guerrilla, a presidential spokesman said Sunday.

Mr. Weizsäcker decided to pardon Angelika Speitel, a former Red Army Faction member given a life sentence in 1979 for her part in a 1978 shootout in which a policeman died. The spokesman said Miss Speitel, 37, would be freed June 30, 1990.

Solution to Friday's Puzzle

ARE	RARA	PABLO
SIVA	ENID	ALLEN
HAILESTONE	STAVIE	
ENTOURAGE	TIENOR	
STANCE	EMBARC	
	REAR	ASCENT
ALRIE	LSTS	ATIE
TRANSOM	WESTERN	
ASSIT	RAMA	HEDIN
REPIENT	ASTI	
	BRASSY	MEPCAT
REEFS	APPALOOSA	
ACRES	BOUNDLESS	
TORRE	ELLE	IDIES
SILVER	REIPS	OSITE

2 Valorous
3 Recitative-song mixture
4 Film spoofs
5 Renounced
6 Jupiter's mate
7 Insensitive
8 Contaminated
9 — de Cologne
10 "Shushi"
11 Object of worship
12 Fires
13 Sailor
20 Circuit; bounds
21 Beavers' creations

25 Cozy corners
28 Memorable period
29 Thong
31 Spotted whale
32 Time-zone abbr
33 Fleeced
35 Wager
36 Cutting tool
37 Sprout
38 Sash for a geisha
40 Part of M.T.M.
43 Col. admission exams
45 Diva Teresa

47 Ceremonial dinners at Passover
48 Indigenous Alaskan
49 Kitchen utensil
50 Impassioned
52 Door part
54 Oak nut
55 Hip-awaying dance
56 Greek love god
58 Exude
59 — banana (burlesque bigwig)
61 French connectives

Damascus Wary of U.S. Acts

Pro-Israel Motive Is Laid to Envoys

By Patrick E. Tyler and Nora Boustany
Washington Post Service

DAMASCUS — Foreign Minister Farouk Shara of Syria said Sunday his government suspected that intelligence gathered by two U.S. diplomats at a Palestinian command base near here might be passed on to Israel for possible use in a military attack on the group.

In an interview, Mr. Shara stressed that Syria had thus far acted with restraint and "goodwill" by not expelling the U.S. military attaché, Colonel Clifford Robert Ward, and his assistant, Major Robert Siegel, who on March 3 were apprehended on the perimeter of the base 40 kilometers (25 miles) from Damascus.

The U.S. officers taken into custody by armed guerrillas of the Popular Front for the Liberation of Palestine-General Command, a guerrilla statement said.

According to Syrian and guerrilla officials, Colonel Ward and Major Siegel were carrying cameras, telephoto lenses, maps and binoculars, and, under questioning, they initially identified themselves as Canadian diplomats.

"They were taking photographs of the place and when they were questioned by the guards, they lied," Mr. Shara said, "instead of explaining what they were doing."

In remarks that appeared to caution Washington against letting this incident escalate into a new crisis in U.S.-Syrian relations, Mr. Shara said, "we are still waiting for a convincing explanation from Washington." He expressed concern that the State Department's initial explanation had left Syria in a bad light, adding that "the truth should be unveiled in this."

"The seriousness of this incident lies in the fact that these photographs are not for the American authorities, they don't need them," Mr. Shara said. However, he added, they "might be channeled to the Israelis, where they can use them in a possible air raid."

On Dec. 9, Israel mounted a battalion-sized attack on one of the guerrilla commando bases just south of Beirut, in an operation supported by helicopter gunships and jets.

The guerrilla unit and its leader, Ahmed Jibril, who split from the PLO in 1968, has staged, with the help of Syria, a series of guerrilla raids against Israel.

EUROPE: French Critic Worries About 'Myth' of '92

(Continued from page 1)

consider that as a fact, it means the idea of a unified European Community is an absurd one. Americans understand this easily, the French, who have a less strategic vision of the world, see Germany with the eyes of the 1970s, not the 1990s. That is why I say we will have the single market because it has no negative impact for Germany, but we will not have a unified Europe with a strategic and political identity."

If Germany moves as Mr. Minc predicts, he foresees what he describes as a Finlandized Europe that will keep its market economy and its democratic structures but will live in osmosis with the East at a growing strategic distance from the United States.

But should this happen, says Mr. Minc, who keeps his cool while suggesting that others lose theirs, the situation will not be dramatic.

"Europe will exist with a larger Germany at its center. And the fact of not having a unified European Community is of no importance at all if Europe is again Europe from West to East."

The son of Polish émigrés, Mr. Minc attended the elite École Nationale d'Administration, graduating at the top of his class in 1975. He then joined the leftist ranks of the civil service as an Inspector des Finances. "It means nothing as a job," he says. "It is a status for all your life, not a job. It's like entering the House of Lords — in France people become lords not at the end of their lives but at the age of 23 and because they have passed an exam."

In "La Grande Illusion," Mr.

Minc writes that the French civil service may be widely admired but that it is totally out of step in a world that is increasingly erratic, an economy that is increasingly mobile and a society that is increasingly complex. In 1979 he left the civil service for the private sector — "it caused a scandal at the time" — and is now head of Carus, the French holding company of the quintessentially European entrepreneur Carlo de Benedetti.

Mr. Minc makes no secret of having political ambitions and is said to be disappointed not to have been offered a cabinet post in the present government. His mighty intellect is balanced by an attractive suppleness. He traces his view of life to his background. "To be Jewish is to know that everything can change," he says. "Nothing is written forever, anything can happen, bad or good."

During World War II his parents were in the Résistance in Paris, camouflaged under aristocratic French pseudonyms. "If you are going to take a false name," he says, laughing, "you don't go from Minc to Levy. It is not efficient."

Efficient, he says, is a word that can be applied to the deregulated Europe after 1992, but it is a mistake to believe that it is more than that. "What I consider an illusion is to say that the single market means a unified economic Europe and a unified economic Europe means a unified Europe. People are now beginning to understand that what we are building now is the single market, no more and no less."

"It may sound like a paradox but I think businessmen are more aware than anyone of the limits of

the unified market. We know it doesn't correspond to what politicians say and to what the public believes."

Tax and welfare structures will have to be rethought, Mr. Minc says. The Darwinian nightmare he envisages will range from conflicting road safety regulations to increased unemployment in certain countries. The promise of job mobility, he says, is yet another myth: "There will be more Danish dentists moving to St. Paul-de-Vence than French lawyers going to plead before the Glasgow bar." The Europe of goods and services might merely become a market for goods manufactured in the United States, Korea and Japan.

"La Grande Illusion" (published by Grasset) is Mr. Minc's sixth book, written during weekends in a style both hortatory and terse, not an easy read with its combination of grandiloquence and journalism and its habit of winding up for a peroration with the English phrase, last but not least.

The book ends, last and certainly least, with a short list of recommendations against future perils. "I did not want to sound dramatically pessimistic," he says, admitting the weakness of the last part, "but there are no solutions."

"I think pessimism is the only attitude to have in politics or business. Pessimism is the best way to prepare oneself, not to behave as if there were an escape. The last 20 pages of the book are not an escape but one must act as if they were. They are a false window, as you say in architecture." And they give an illusion of light.

DOLE: No Scars

(Continued from page 1)

drinking, womanizing and his association with defense contractors.

■ **House Leadership Battle**
Don Phillips of The Washington Post reported:

Mr. Cheney's nomination has sparked a battle for the future of the House Republican Party that could leave it disorganized as the chamber takes up some of the year's major business, including the budget and the ethics probe of Speaker Jim Wright of Texas.

With the House minority leader, Robert H. Michel of Illinois, approaching the end of his long congressional career in the next few years, the battle for Mr. Cheney's whip position — the party's No. 2 leadership post — evolved within hours after his nomination was announced into a three-way battle to control the party's direction.

Representative Jerry Lewis of California, now No. 3 in the leadership as the party conference chairman, immediately launched a campaign, as expected. But two somewhat unexpected candidates also have emerged — the conservative partisan Newt Gingrich of Georgia and the chief deputy whip, Edward R. Madigan of Illinois, a quiet legislative tactician.

The new whip will not only lead a minority party — Republicans held 174 of the 435 House seats — but will also be charged with rebuilding a party leadership that has lost some of its brightest lights over the last two years, including Jack Kemp of New York, who left to run for president; Trent Lott of Mississippi, who won a Senate seat; and Mr. Cheney, if confirmed.

EMS: Thatcher Still Cool to European Currency System

(Continued from page 1)

that view does not "help the British position within Europe" as the European Community moves toward a unified market by 1992.

Mrs. Thatcher's detractors on the EMS issue, including some people within her own party as well as many in the opposition Labor camp, warn that the appreciating pound is damaging British exporters and contributing to a record trade deficit.

The EMS, they argue, has helped not only to provide currency stability within the European Community but also vis-à-vis strong external currencies, specifically the dollar and yen.

Mr. Martin, echoing other economists, said the British leader's reluctance to formally link the pound in a web of managed exchange rates reflected both strongly held political and economic views.

Specifically, he said, "she does not want Britain to be subject to the rules laid down by the West German Bundesbank, despite what benefits on the inflation front that a closer link to West Germany might bring."

A forced devaluation of the pound within the EMS, such as those imposed upon the French franc over the system's 10-year history, might prove too much to bear for British national pride.

The West German central bank, Europe's staunchest anti-inflation force, dominates the EMS framework in which the values of seven currencies are linked in adjustable ranges. The pound's value is included in a hypothetical central exchange rate, from which the seven full-member currencies are allowed to deviate by given percentages.

The French franc-Deutsche mark link within the framework has been the central axis of the current system, fashioned by the dual efforts of Helmut Schmidt, the former West German chancellor, and Valéry Giscard d'Estaing, the former French president.

The EMS, according to an American Express Bank report released Friday, "is a major achievement for international policy cooperation, even if the record of currency stability has not been perfect — 11 realignments in 10 years — and though special factors, such as exchange controls, have helped it survive."

While the Bundesbank's tight monetary policy has provided a kind of anti-inflationary anchor within the system, full membership would mean that Britain would have to forgo some of the high economic growth it has enjoyed in the last few years, the report added.

West German inflation has been held on average to around 2.5 percent over the past year, while British prices have posted annual rates of growth of more than 7 percent in recent months.

The American Express Bank report noted, "The continued and now-widening differential between

U.K. and German inflation would be smaller if the U.K. had been forced to follow the Bundesbank line, but economic growth would have been slower."

"These uncertain and mixed benefits of exchange-rate mechanism membership," the report concluded, "do not outweigh the present political desire to maintain a high degree of independence."

French leaders have hounded London to add the pound to the intervention mechanism of the system to curb the influence of the

ing to keep the pound at a value of about 3.0 DM from June 1987 to March 1988, using low interest rates and repeated intervention. But he and Mrs. Thatcher had a public dispute about the practice, in which the prime minister remarked to Parliament, "You can't buck the market!"

The pound was swiftly allowed to appreciate, and now stands at about 3.20 DM. The sharp rise in the pound, combined with higher British interest rates, was hailed by Mrs. Thatcher as an appropriate foil to inflation, forcing, she argued, British exporters to resist accelerating wage demands if industry had any hope of remaining internationally competitive.

Sir Alan Walters, an economist and adviser to Mrs. Thatcher, was said to have played a major supportive role in the showdown with Mr. Lawson. In May, he is expected to return to London from his current post at the World Bank to become a full-time aide to Mrs. Thatcher.

His return, political and economic observers said, could mark the end of any hope of full British participation in the EMS. Sir Alan has argued that Britain must eschew fixed systems such as the EMS because of disruptive capital flows between and after realignments of the grid.

As the American Express report observed, "The British government seems no closer to putting sterling in the EMS exchange rate mechanism than in the past, having abandoned a year ago the experiment of shadowing the Deutsche mark."

Another strong influence on Mrs. Thatcher's stance toward the EMS, sources said, is a former colleague of Sir Alan, Sir John Hoskyns, director-general of a leading employer's association, the Institute of Directors.

Sir John said the "only mistake Nigel Lawson made was to shadow the Deutsche mark." A resurgent British corporate sector, flush with rising profits, strong liquidity and improved balance sheets, he contended, does not stand to gain from managed exchange rates.

He added, however, that the British government should not make a policy of keeping the pound strong through high interest rates and repeated intervention in the foreign-currency market. Heavy Bank of England intervention has recently broken a spate of pound weakness in the foreign-exchange markets following disappointing trade figures.

But Sir John's view is at odds with another industry organization, the Confederation of British Industry, which has been urging Mrs. Thatcher to change her tune and fully join the EMS. The CBI has said a free-floating and soaring pound is clobbering the competitiveness of British exporters, whose biggest market is Continental Europe.

The British leader finds the concept of attempting to "fix" values anathema.

"She's got a strong dislike of fixing anything against market forces," said Mr. Martin, "her laissez-faire ideas were behind the dust-up last spring with Chancellor Lawson."

Nigel Lawson, the chancellor of the Exchequer, had been attempt-

CHENEY: Staunch Ally of the Military Is Known as Flexible Politician

(Continued from page 1)

basically from a conservative viewpoint, but he's practical enough to know that you can't get out too far ahead of the consensus," said Lawrence J. Korb, a former Pentagon official who is now a senior fellow at the Brookings Institution in Washington.

"In terms of dealing with the present situation, it's an inspired choice," said Mr. Korb, a Republican.

"The questions come in the long term," he said. "Is this guy going to be able to stand up to the services and the Joint Chiefs of Staff? Is the fact that he wasn't in the military going to hurt him? Does he have the management experience?"

Mr. Cheney, 48, has not served in the military. He earned bachelor's and master's degrees in political science from the University of Wyoming and, according to his congressional office, was exempted from the draft because of a student deferment that lasted until 1968,

when he left a doctoral program at the University of Wisconsin.

Some of Mr. Cheney's associates said that the congressman, who has admitted to gaps in his military knowledge, paid more attention over the years to nuclear weapons than to conventional forces.

That might suggest he would be inclined to protect strategic programs in trimming the Pentagon budget, but President George Bush has already made a strong commitment to keeping the military ready to fight a nonnuclear war.

Since entering the House in 1978, Mr. Cheney has voted for every effort to raise military spending. The American Security Council, a conservative organization, gives him a 100-percent rating on military-related votes.

Mr. Cheney's pragmatism and the way he has framed his comments make it hard to predict what stand he would take as the administration decides whether to stick with the MX missile, abandon it for

the smaller Midgetman missile, or mix the two.

In May 1984, Mr. Cheney said he was primarily concerned about finding a realistic way to modernize the American land-based missile forces and was not devoted specifically to the MX.

"I, too, think we should pursue the concept of small, mobile, single-warhead missiles," Mr. Cheney said. "But I am a skeptic, because I question whether or not this House will ever be prepared to vote to deploy the Midgetman."

Paul Weyrich, a conservative lobbyist whose testimony against Mr. Tower figured prominently in the flood of allegations that eventually led to the vote against the former Texas senator, said that Mr. Cheney had a "100-percent voting record on strategic defense, even on the tougher amendments to increase spending beyond the requests of the Reagan administration."

"He seems to be able to walk a very good line in general between

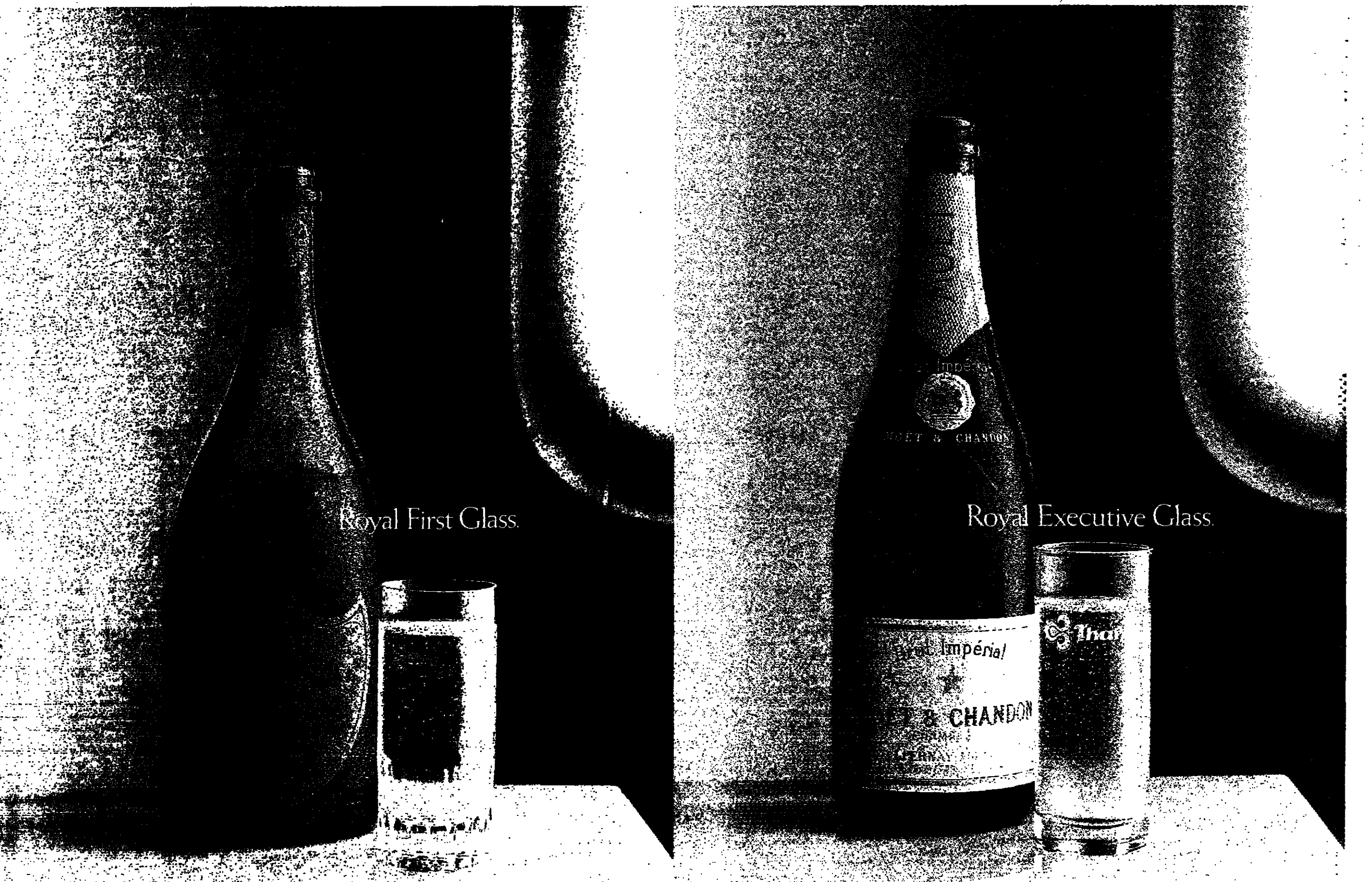
some very tough conservative positions and an ability to deal with people who are not as conservative as he is," said Gordon Adams, director of the Defense Budget Project, a liberal, Washington-based public affairs organization.

Mr. Cheney voted for the treaty that banned medium-range nuclear missiles. He also voted for production of new chemical weapons and against a nuclear test ban or a freeze on nuclear weapons production.

Every time the House considered giving money to the Nicaraguan rebels, Mr. Cheney voted for aid.

"We're not going to give up on Central America," Mr. Cheney declared after a moratorium on aid to the rebels was passed in 1987.

Mr. Cheney has had three heart attacks, in 1978, 1984, and last June. He underwent bypass surgery in August. But he said Friday that he had spoken about the job with his cardiologist and that he had received a clean bill of health.



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Herald International Tribune

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A Test of China in Tibet

The current demonstrations in Tibet are described as the most serious challenge to Chinese rule since the Communist government put down a major uprising that began there 30 years ago. Whether this is so is hard to confirm, given the means Beijing has available to spare the territory outside scrutiny. But it is plain that, although Chinese policy over the years has resulted in the death of hundreds of thousands of Tibetans, relentless attacks on Tibetan culture and religion, continued human rights violations and the staged influx of Han Chinese people into areas where many Tibetans live, Tibet retains a deep sense of its own identity and a commitment to live a life of its own. In this sense, China's attempt to build a smoothly integrated multinational state has failed.

For years after the initial "rape of Tibet," as it was fairly called, the exiled leader, the Dalai Lama, was the focus of a movement for independence. The Chinese, denying that Tibet ever had any claim to independence (at no time has any government ever recognized such a claim), set up a "Tibetan autonomous region" even as the destination of real Tibetan autonomy proceeded. In the past few years the Dalai Lama, who is now

53, has asserted a more modest claim for a "middle way, not complete independence," asking for an "association" with China that would ensure the autonomy it has long espoused. He has sought a dialogue with Beijing on the status and future of Tibet. The Chinese, who contend that the status is already settled, have been sparing with him over the ground rules.

George Bush's recent visit to China left a certain sour impression that he had failed to press the matter of human rights violations with sufficient personal vigor. The question of Tibet was not glowing hot at the precise moment he was in Beijing, but that question certainly falls into the category of human rights issues that require sharp American attention. In the first instance, Americans cannot fail to protest against official acts of repression in Tibet. In a broader context, the United States is right to use its diplomacy to nudge China and the Dalai Lama toward the direct talks that they seemed to be moving toward before the latest cycle of Tibetan protest and Chinese violence. Chinese respect for its pledges to Tibet is essential to build American respect for China.

—THE WASHINGTON POST.

Cheney: A Good Choice

President George Bush has acted quickly and adroitly to transcend the Tower fiasco by nominating Representative Dick Cheney of Wyoming as secretary of defense. Mr. Cheney is smart, generally knowledgeable about national security, very conservative, a party loyalist, and exceedingly popular among Democrats and Republicans. Mr. Bush added to this hearing decision on Friday by relegating the bitter debate over John Tower to "history."

At almost the same time, however, Vice President Dan Quayle was in Indiana denouncing Senate Democrats for engaging in a "McCarthyite mud-slinging campaign" against Mr. Tower. The president did not enhance his own credibility when he dismissed a question about the Quayle statement by saying, "He speaks for himself."

Mr. Cheney has earned wide respect in Washington, a prime qualification for a secretary of defense, who must make difficult decisions in military budgets and policy. He served as White House chief of staff to Gerald Ford a decade ago, and as a member of the House Intelligence Committee a year ago. Such experiences have made him generally familiar with defense issues.

His voting record in Congress is unambiguously conservative, yet he has the reputation of being an accessible and conciliatory leader. But, like Mr. Tower, he has been an all-out supporter of Ronald Reagan's excessive military spending program, "star

Wars" and aid for the Nicaraguan rebels. He is not known for having a skeptical mind about the Pentagon.

The strategy that Mr. Tower was planning at the Defense Department is said to have been a grand deal with Congress: He would agree to cut the budget, even laying off military personnel, provided Congress gave him a free hand in managing the remaining resources efficiently. That is not a bad approach, although the kind of changes that may be needed in military forces will require the active involvement of Congress.

If confirmed, Mr. Cheney will enhance the Bush team's resemblance to a second Ford administration. Brent Scowcroft served as national security adviser in both. Curiously, Mr. Cheney would also be the third senior official of President Richard Nixon's anti-poverty agency to become secretary of defense. Donald Rumsfeld and Frank Carlucci being the others.

Although the president is recovering quickly from his stumble with Mr. Tower, the affair raises questions about the quality of his judgment and his White House staff. Many miscalculations were made in the course of the Tower affair, not the least being Mr. Quayle's ugly and unjustified charges of McCarthyism on Friday. That aside, the choice of Mr. Cheney begins to revive the expectation that George Bush knows how to run a government.

—THE NEW YORK TIMES.

Britain and the EMS

The European Monetary System is 10 years old today, and the currency which is arguably the most important in Europe still refuses to join the exchange-rate club that has done so much for other Europeans. Margaret Thatcher is not about to give the EMS a birthday present by letting Britain join now. But those who want it in — almost everybody in Western Europe, including most people in Britain — know that it is almost certainly only a matter of time. The arguments for British membership look better than ever; the arguments against are fading.

For Britain the main argument in favor is that being part of the EMS's exchange-rate steady mechanism clearly helps to control inflation — which has been the chief economic goal of Mrs. Thatcher's government. The anti-inflation case took a temporary knock last year, when the attempt by British Chancellor of the Exchequer to link the pound to the Deutsche mark coincided with, and slightly worsened, a rise in British inflation. Yet in general the evidence seems clear. For most of the 1980s the countries whose currencies are linked by the EMS have had less inflation than most countries of the same sort outside it, because the EMS has exercised a powerful discipline against policies that lead to inflation.

The extra stability the EMS gives to exchange rates is another growing attraction for Britain. Here again the evidence of the 1980s is strong: The currencies of countries inside the exchange-rate club have had a calmer time than those outside it. The truly single market the European Community hopes to create by 1993 will mean a lot more trade among Community members. Britain does not want to go into that Euro-market with the pound doing a jig.

The benefits, of course, would not be Britain's alone. France would like to have Britain in the club as a counterweight to West Germany. If the French are looking for help in persuading the Germans to tolerate a bit more inflation for the sake of a bit more growth, they may be disappointed; Britain is now as tough about inflation as the Bundesbank is. But the issue is wider than that. The sheer weight of the German economy, and the fact that Mikhail Gorbachev is pulling German attention eastward, mean that the ties linking Germany to the West need to be made as strong as possible. An EMS with full British participation would greatly help.

Against all this, the arguments for keeping Britain out look increasingly frail. The pound is a petrocurrency, liable to bounds up and down as the oil price rises and falls, but it bounces less these days as oil becomes a smaller part of the British economy. The fact that sterling is an international currency is another bonus-maker, but that is really a case for joining the exchange-rate club, which would help Britain cope with sudden movements of capital in and out of sterling.

Mrs. Thatcher's real fear is the emergence of a European government under which Britain would no longer be its own master. She sees the EMS as a moving staircase leading to monetary union, a European central bank and all that. Many people in Britain, and not a few on the Continent, share her desire not to finish up with such a future. But 10 years' experience with the EMS has shown that it does not have to lead there. It is just a valuable way of easing today's problems. Perhaps its 11th birthday will bring a surprise from Downing Street.

INTERNATIONAL HERALD TRIBUNE.

Other Comment

Hour of Decision for Vietnam

Re-establishing cohesion among the party leadership has become more urgent for the reformers as Vietnam is entering a new stage in its renovation strategy that requires far-reaching decisions: sped up withdrawal from Cambodia and additional concessions to China. Those steps, if approved by the Central Committee, can function as a sort of passport for entering what looks like a promising future of close economic and financial cooperation with Thailand, normalization of relations with the United States, a Cambodian deal that would protect Vietnam's security interests, and assistance from multilateral institutions to straighten out its monetary mess.

—The Jakarta Post.

For Afghan Reconciliation

There is little doubt that the mujahideen will eventually succeed in ousting the Najib government. But the situation demands national reconciliation, and it should be looked at from the humanitarian angle as well. It is a great pity that those who have endured enormous misery since 1979 are faced with the danger of even more bloodshed and deprivation.

—The Khaleej Times (Dubai).

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OPINION



Reviewing The Hard Questions

By Flora Lewis

WASHINGTON — The foreign policy reviews to provide the Bush administration with a new look at the Reagan heritage are going on feverishly. Despite many still-empty offices, even though there may be shifts of emphasis when the team is completed, it means that the shape of the Bush approach to the world is emerging, based less on ideology and more on facing known problems. So far there seems to be surprisingly little infighting among the institutional players, not because things have already been coordinated but because minds are running on similar tracks.

The wounds of the fight over John Tower's ill-fated nomination as secretary of defense still throb. Yet, given the urgency of getting on with substance, the pain may ebb a good deal more rapidly than was imagined just a few days ago.

Brent Scowcroft, the national security adviser, enjoys a remarkable confidence among officials and experts who often disagree on issues. He is primarily a technician with a great deal of practical experience in hammering out major positions. But he does have clear views on the directions which security policy should take, and he has a manner and personality conducive to getting people to reason out their differences instead of encouraging confrontation.

There probably won't be a grand design, an overarching concept of where the United States should be going into the next century. Too many big decisions have to be made quickly to wait for that.

In any case, there isn't that much challenge to the policies that President Reagan left standing on most issues, although there seems to be a greater awareness now of how fast the world is changing and of how many assumptions ingrained for the last 40 years may no longer apply.

There is a noticeable tension between the Bush administration's desire to look fresh and self-reliant and its acceptance of continuity on themes established in the Reagan years.

This is exacerbated by recognition that power really is divided between opposing parties in the executive and Congress, as demonstrated over-dramatically in the Tower fight. "It's as though the voters wanted to add another big set of checks and balances to the ones in the Constitution because they don't trust the politicians on either side," said a Democratic senator.

At the State Department, James Baker has the need for legislative support at the front of his mind. It is there on practically any issue, from how to deal with the Nicaraguan contras to mending the Israelis and Palestinians into talks and making sure beforehand that any arms control agreements with the Soviets will be ratified.

The problem is the pressure of time. Appropriations for the contras run out at the end of this month. The plan now is apparently to try to keep them going, as is, for about a year, to see whether the Sandinistas really do fulfill their promises for free elections and more open politics.

Neither the Central American governments nor many in Congress will like this reluctance to get on with disbanding the fighting force. But it can't be done much faster if it is to be done smoothly and decently.

And there are signs that this administration is preparing at last to fulfill U.S. promises on Nicaragua — to live with a reformed Sandinista regime if need be, rather than persisting by hook or by crook in trying to overthrow it. If Washington is willing to make this point clearly and convincingly, the necessary compromises could fall into place.

The biggest issue is relations with the Soviets. Moscow is in a hurry to show its own people that Mikhail Gorbachev's new foreign policy is paying political and, it ardently hopes, economic dividends. But Washington has to solve some of its own long-festering disputes over what kind of strategic and conventional forces it wants before it can reasonably agree with the Russians on important issues.

This is at last clear to senior officials. It is a real departure from the Reagan approach of ducking tough internal decisions. At least the right questions are being asked about U.S. options. The new dangers arising from the fluidity of the world as it enters a new era seem better understood.

What has really been a resounding success for the West as the Cold War ends opens new problems — East-West, in Eastern Europe, among allies, in the Pacific. Washington hasn't got answers yet, but it is encouraging that it is looking to see what is possible instead of just wishing to make it so.

The New York Times.

East-West: Think Big and Dose the Concessions

By Zbigniew Brzezinski

WASHINGTON — The systemic crisis of the Soviet world is the centrally important reality confronting Western policy in East-West relations. Responding to that crisis will require a comprehensive and long-term Western strategy. Such a strategy currently does not exist.

Instead there is a great deal of loose talk about various quick fixes. Some propose massive credits, designed to salvage the amiable Mikhail Gorbachev and his policy from the intensifying mess into which the Soviet Union and the Soviet-type systems of Eastern Europe are sinking. Others even advocate, in the tradition of realpolitik, an American-Soviet deal regarding Eastern Europe, a kind of new Yalta.

Neither response does justice to the problem or to the opportunity. The issue is not the immediate future of perestroika nor even that of Mr. Gorbachev. The Soviet-type system, based on Stalinism's institutionalized terror and Leninism's

one-party monopoly of power, has entered a widespread and maybe even terminal crisis.

The system's crisis is deep-rooted. It will last a long time — at least a

decade or so. And it will most likely outlive Mr. Gorbachev. The manifestations of the crisis of Soviet communism are many. Historical optimism has given way to apocalyptic pessimism. Nikita Khrushchev used to boast about burying the West. Mr. Gorbachev warns

repeatedly that perestroika's failure will mean the end of communism.

The system has lost its ideological legitimacy. It has been openly admitted that 60 out of its 70 years involved sustained criminality. Now even the early Leninist phase is questioned.

The economic crisis is worsening. The Soviet deficit is bigger than that of Argentina or Brazil; a poor harvest is imposing further strains; consumer unrest is rising; all the East European economies are deteriorating.

National conflicts are intensifying, not just in Armenia but in Eastern Europe as well. National self-awareness is growing rapidly. The Baltic peoples demand nothing less than their freedom. It is only a matter of time before the Central Asians and the Ukrainians make similar demands.

Conservative political forces are counter-organizing. More and more Soviet apparatchiki are looking longingly at Viktor Chebrikov and his

KGB friends. The KGB has already contested the national popular fronts in the Baltic republics and has prevented popular fronts from organizing in Byelorussia and the Ukraine.

In Poland and Hungary, the regimes are seeking to institutionalize some controlled pluralism but have not yet broken with the one-party monopoly of political and economic rule. In Czechoslovakia and Romania, the people are becoming restless while their dictatorships remain frozen in rigid hostility to Gorbachev reforms.

In short, the external Soviet empire is dissolving and the internal empire is undergoing attrition. The effort to preserve Leninism while rejecting Stalinism is simply not working.

Despite the rhetorical bluster of Mr. Gorbachev's foreign policy proposals, the Kremlin has failed to divide the West or to obtain large financial credits, while the invasion of Afghanistan has ended in a humiliating defeat.

Mr. Gorbachev knows all this, and that is why he asked, in his much noted address to the United Nations in December, for an armistice in the Cold War, which he knows the Soviet Union has been losing.

The result has been a tepid armistice that could be deceiving. The mushrooming Soviet crisis could erupt at almost any moment into violence and political upheavals, or it might even precipitate dramatic regressions.

The West, therefore, needs to fashion a policy that responds to the gravity of the challenge and the magnitude of the opportunity.

In shaping the response, statesmen should bear two things in mind. First, the United States must avoid giving the impression that it is seeking either a new Yalta over the heads of the Eastern Europeans or to expand NATO's sway over Eastern Europe.

As Eastern Europe gradually dismantles its Soviet-type systems, the two alliances should negotiate tank-free zones and proportional thin-outs of U.S. and Soviet troops. NATO and the Warsaw Pact could thus eventually become the framework of security for existing territorial arrangements but with the Warsaw Pact ceasing to be the regional instrument of Soviet ideological orthodoxy.

Second, the negotiation of new East-West security arrangements must be matched by a Western policy of assisting genuinely systemic change. Just pouring money into the Soviet Union and Eastern Europe would not only be a waste but would delay the needed fundamental reforms.

Instead, the United States, Western Europe and Japan should insist that any substantial assistance be reciprocated by reforms that institutionalize economic and political pluralism. Recipients of long-term bilateral aid must demonstrate deliberate movement toward the adoption both of a free pricing mechanism and of genuine freedom of political choice.

The West must abandon its short-term wishful thinking and shake off its long-term lethargy. It must generate the strategic will to undertake a substantial effort, carefully matching — stage by stage — Western assistance for every concrete step taken toward genuine pluralism.

The writer, President Jimmy Carter's national security adviser from 1977 to 1981, is author of "The Grand Failure." He contributed this comment to The New York Times.

100, 75 AND 50 YEARS AGO

1889: Freed in Africa

ZANZIBAR — Six German men and one woman, belonging to the missionaries captured by the Arabs two months ago, have been released, in consideration of the payment of 6,000 rupees and the restitution of twelve slaves captured by the German ironclad Leipzig.

1914: Vanderbilt's Will

NEW YORK — The will of Mr. George W. Vanderbilt gives an estate estimated at \$50,000,000 to his widow, Mrs. Edith Stuyvesant Vanderbilt, and his daughter, Cornelia, aged thirteen. The latter receives the larger part. There are no public bequests.

NEW YORK — Mr. George Westinghouse, the inventor of the air-brake and president of thirty corporations the aggregate capital of which is \$120,000,000, died at his apartment in this city today (March 12) of heart disease. Mr. Westinghouse was born in 1846 at Central Bridge, N.Y.

1939: 'No' to Isolation

NEW YORK — American public opinion is becoming less isolationist, and swinging more to the side of the European democracies and against the Totalitarian states, in event of war, according to the latest nationwide poll of Dr. George W. Gallup's Institute of Public Opinion. In answer to the question whether or not the U.S. should lend food to France and England in event of war, 76 percent of the persons polled said, "Yes." Fifty percent of the persons polled thought the U.S. should lend airplanes and other war material to France and England in case of war. In answer to the question of whether or not the U.S. should send an expeditionary force to aid France and England, however, 83 percent favored the Fascist states. Only six percent were not sure. Ninety-three percent were not Fascist. Dr. Gallup's poll contrasts widely with the opinions expressed in a poll fifteen days before the Munich agreement.

The Nuclear Age Requires Open Eyes

By Anthony Lewis

NEW YORK — There is no more delicate responsibility for political leaders than nuclear weapons. But from the beginning, in 1945, leaders made decisions about the weapons on flawed premises and with inadequate understanding of possible consequences. We are lucky to have avoided the worst.

Those conclusions are compelled by two brilliant television treatments of the nuclear age. One is the current 13-part Public Broadcasting document series, "War and Peace in the Nuclear Age." The other, shown on the CBS network, was the documentary "Day One."

"Day One" tells the story of the development of the bomb during World War II. Superbly adapted for television by David Rintels from a book by Peter Wyden, it takes us from the first theoretical glimpse of nuclear fission in 1939 to the test at Alamogordo, New Mexico, on July 16, 1945.

The physicists believe they are in a race with Hitler's scientists; they don't have time for moral doubts. But the war with Germany has been won by the time they approach success. And then the question is whether the bomb should be used against Japan.

The process to decide that fateful question is deeply flawed. President Harry Truman is persuaded that the bomb will save up to a million American casualties in an invasion of Japan. He does not hear — or does not listen to — intelligence advice that Japan is already trying to sue for peace.

"Dropping the bomb is completely unnecessary," General Dwight Eisenhower says. "Japan is defeated."

Such views are brushed aside at a meeting of presidential advisers. They ask Robert Oppenheimer, chief scientist

of the project, how many Japanese one bomb may kill. He says 20,000, without hesitation or visible qualm.

Some physicists on the project object to using the bomb on people. In a petition, they urge the government instead to invite Japanese observers to a demonstration explosion.

Mr. Oppenheimer tells colleagues that they would not sign the petition if they had seen, as he had, "the deep concern" with which officials in Washington considered the question — "the thoroughness, the conscientiousness." His false reassurance may be the most powerful moment in a powerful film.

Mr. Truman, on the bad advice of Secretary of State James F. Byrnes, believes that nuclear weapons will help him make Stalin behave more reasonably in Eastern Europe. The head of the Atomic Project, General Leslie Groves, says it will take the Russians 20 years to develop the bomb. But the American nuclear monopoly proves to be brief — and of no political use in stopping Stalin's subjection of Eastern Europe.

The PBS series, years in the making under executive producer Zvi Dorner, provides extraordinary views of nuclear decision-making through the years. We see both superpowers relying on nuclear weapons because they are cheap — building more and more weapons and delivery systems in a delusive search for superiority.

A special value of the PBS series is the insights it gives us into Soviet thinking. The filmmakers, taking advantage of glasnost, show interviews with, among many others, Andrei Gromyko, Stalin's interpreter, Nikita

Khrushchev's speechwriter, several generals, and the son of the great Soviet physicist Pyotr Kapitsa.

What one sees is that Soviet figures were genuinely concerned about the early U.S. nuclear monopoly. While Americans talked of a (nonexistent) missile gap, Soviet generals and scientists felt threatened by the U.S. lead.

The terrible Soviet miscalculation was of course Mr. Khrushchev's placement of missiles in Cuba. Their purpose, we are told, was to prevent a U.S. invasion of Cuba. Most Americans had no notion of any such possibility. But lately we have heard from U.S. officials of the time that in fact there was an invasion plan.

The lesson is that in the nuclear age we must all try to do that most difficult thing: put ourselves in the other person's shoes, understand how he sees reality. Americans did not perceive how the threat to Cuba looked to Mr. Khrushchev; he did not calculate how Americans would perceive the missiles. Miscalculation can be too dangerous.

Some people never learn that. Ray Cline, a CIA official at the time of the missile crisis, looks back in the PBS series and says the United States could have finished off Fidel Castro if it had "surgically destroyed the missiles" or "invaded the island." But not only Mr. Castro might have been finished off.

After the missile crisis, President John Kennedy said his concern was that the Soviet and U.S. governments were "so far out of contact" with each other's fears and intentions. In that sense, the years since give us some reason for hope. For today both superpowers do appreciate the need to understand each other.

The New York Times.

Reviewing
The Hard
Questions

PERSONAL INVESTING

FOCUS

Trading Tips For Futures

THE FEDERAL Bureau of Investigation probe of the Chicago commodity markets carries a worrisome message: Even big, sophisticated institutional investors can be easily duped in futures trading.

While it is impossible to eliminate completely the risk of being cheated, investors can reduce the danger of chicanery by following cautious trading practices. An added benefit is that the same trading techniques can cushion individuals from some of the volatility of futures markets.

Much of the abuse the FBI is reportedly focusing on occurred when traders executed what are known as "market" orders. Floor brokers are supposed to fill these orders at the best price available in the futures pits. But it is possible for traders to fleece investors by agreeing on a price that is worse than the actual market price.

It is particularly easy to do this in the futures market, where values swing widely in a minute or less. For example, if the fair market price for a bushel of soybeans is \$6.50, a dishonest floor trader with a buy order can purchase a contract from a conspiring trader for \$6.53 per bushel, the value one minute earlier.

The trader who has received the jacked-up price will replace the contract by purchasing another one at the fair market price of \$6.50. At the customer's expense, the traders lock in an illicit profit of three cents a bushel, or \$150 on a 5,000-bushel soybean contract.

To cover their tracks, the floor brokers will put a wrong time on the order. At this point, not even an examination of the exchange's records will show that the investor was bilked. The futures exchanges record minute-by-minute price changes but they rely on traders to record when individual trades took place.

"Investors can get greater protection with limit orders," says Morton Baratz, editor of *Managed Accounts Reports*, a newsletter that tracks commodity funds. With a limit order the trader must buy or sell a contract at a specific price or better. In the above example, the customer could have requested a soybean contract at \$6.50 a bushel, making it more difficult for the traders to engineer a worse-than-market deal.

WITH limit orders, however, there is the danger that the specified price will never be reached. An investor who correctly predicts the course of the market will fail to profit if the limit price is never hit.

The stop orders that people use to protect themselves from rapid price changes are also open to abuse. Buying or selling is triggered once the contract hits a particular price. But once the price is reached, stops become easily manipulated market orders. And even when market orders are filled with scrupulous integrity, an excessively volatile market can mean that investors will often receive less than desirable prices.

An alternative to stops are stop-limit orders. When a stop-limit is reached, the contract can only be sold or bought within a narrow range of prices protecting the investor from both fraud and rapid value changes.

But stop-limit orders have disadvantages. As the market accelerates, prices might keep rising. If this happened, investors would not be taken out of positions because traders could not fill their orders at the designated price.

"People will be alerted to bad fills by keeping close track of market developments," says Barry Lind, president Lind-Waldeck & Co., the country's largest discount commodity broker. He suggests that investors note the last trade before placing their order and compare it to the price they receive. If there is a large discrepancy, a time and sales report should be requested from the exchange.

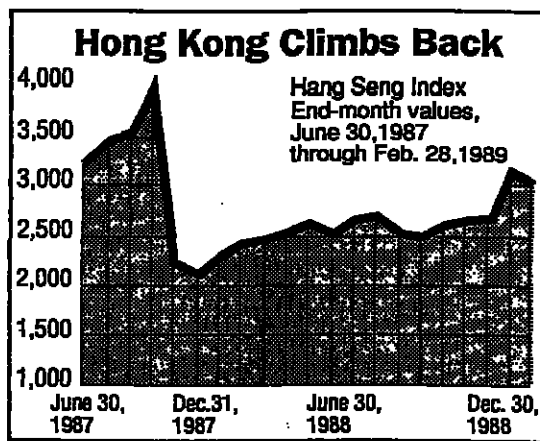
Mr. Lind also advises investors not to trade at either the open or close of markets. "Everyone is trying to get out of the portfolio at once and prices are at their wildest."

Lastly, says Mr. Lind, people should select brokers "big enough to be heard" when they complain to traders on behalf of investors.

David C. Lanchner



January saw a burst of trading on the Hong Kong exchange.



Comparing Asia's Smaller Markets
Estimates by Phillips & Drew

	1988 P/E Ratio	1988 Dividend Yield (%)	1988 Market Cap (\$Bn)	1988 Index
Hong Kong	14.5	3.2	100	100
Singapore	11.2	4.5	25	25
Malaysia	12.2	3.8	20	30
Thailand	12.5	3.5	20	50
Philippines	11.5	3.4	12	45
Taiwan	12.5	3.5	0	55
South Korea	11.5	3.5	25	60

* Based on 1988 price earnings ratios.

Mortgages: A Yen Option

U.K. borrowers turn to foreign currencies.

By Nigel Adams

WHEN interest rates rise, among the first to feel the squeeze are home buyers. The pinch has been particularly painful in the real estate market in Britain, where an inflation-wary government's tight credit policy has driven up borrowing costs by about 50 percent in a year.

British borrowers have the usual array of options for keeping payments down, including mortgage packages with low initial payments and stretched-out terms. But a more sophisticated way of slicing monthly payments — the foreign-currency mortgage — has grown popular among British home buyers in recent months.

Foreign currency mortgages are not new, but the surge in British interest rates has added to their allure. A mortgage denominated in Deutsche marks for instance would carry an interest rate of about half the 13.5 percent now being charged on sterling mortgages.

"We have a tremendous response," reports Jane Redpath of the Manchester-based independent financial advisers, Croxley, which started arranging currency loans for U.K. borrowers in January. "Business so far is running into the millions of pounds." By some estimates, over £200 million of such financing has been arranged in Britain since last fall.

Loans are available in all of the

major currencies, including the U.S. dollar, Japanese yen, Swiss franc and Deutsche mark. Among the growing number of British lenders in this market are Barclays, Royal Trust and Royal Bank of Scotland.

BUT while the attractions of a foreign-currency mortgage are clear, the risks can be daunting. The reverse side of a low-interest coin could well be a strengthening currency and, ultimately, a ballooning sterling debt.

Some British executives are well acquainted with the down side. Several British companies borrowed Deutsche marks and Swiss francs in the 1970s to cut their interest bill, only to be slapped with losses when those currencies rose sharply against sterling. Well aware of that risk, most lenders limit foreign currency loans to 60 percent of the property's valuation. The risks have also prompted lenders to focus their marketing effort on well-heeled real estate buyers who have some understanding of financial markets.

"We would not recommend currency mortgage to someone trying to save for a foreign holiday or a new fur coat," says Croxley's Ms. Redpath. "The product is geared towards high net worth individuals who should invest the savings sensibly, by paying off part of the mortgage early, for instance."

The risks can be tamed in various ways. Croxley is one of several advisers providing protection against adverse currency movements through a switching provision. Once the sterling value of a mortgage increases by a certain amount — 10 percent in Croxley's case — the loan is automatically switched back into sterling.

Most advisers offer a monitoring service to keep clients informed on interest rate movements and shifts in currency values. These services can

help keep borrowers apprised of where they stand, but home buyers should keep in mind that foreign-exchange markets can be extremely volatile and forecasts often go wide of the mark.

Borrowers have two basic strategies available. The most typical is to borrow in a currency that is strong against the pound and which offers low interest rates. The aim here is to keep payments low.

The second is to borrow in a weak currency with interest rates comparable to the pound but which will probably depreciate against the British currency. The aim here is to reduce the

Continued On Page 10

Hong Kong Stocks: Cautious Comeback

Rising Inflation puts the rally on hold.

By Coleen Geraghty

IT HAD all the symptoms of past New Year rallies: heavy volume, volatility and a lot of talk about foreign money. But in the minds of many market observers, the recent run up in the Hang Seng index was more than price surge followed by profit-taking. It appeared that the Hong Kong Stock Exchange had finally made a comeback.

It is a welcome turnaround to local investors. After earning a reputation as a free-wheeling market punctuated by high peaks and deep lows, Hong Kong last year took on the dubious distinction as one of the world's most lethargic stock exchanges.

A reluctance among foreign institutions to recommit themselves to Hong Kong, a high-profile casualty of the October 1987 crash, was largely to blame. Many were bitter at the decision to close the market. Instead of halting the market slide, the four-day closing fueled the panic and intensified the sell-off when the exchange reopened.

It was a search for value that ultimately brought foreign investors back. In the commercial property market, the price of rental properties rose as high as 40 percent last year, an important factor in a market where most large and medium-sized companies hold rental properties. As a result, the net asset values of many companies surged, but share prices failed to respond in kind.

"The Hong Kong market was undervalued for some time, but in this decade it had never been as cheap in terms of share price to net asset value as it was late last year," recalls Philip Tose, chairman of Peregrine Securities. "There was a lot of catching up to do."

Not surprisingly, American and European money managers who stayed away from Hong Kong through most of 1988 began returning to invest in the "hoose" and in property shares. "A lot of institutional money that fled Hong Kong after the crash returned this year," says Barry Yates, director of research for First Pacific Securities. "We are also seeing new money from

Japanese and Taiwanese fund managers. These investors have been in Australia, they are fully invested in Bangkok, and now they are coming to Hong Kong."

The result has been a roller-coaster year for the Hang Seng index, the most widely followed barometer of the local equity performance. After gaining 16.7 percent in 1988, the index added another 16 percent in the first eight weeks of 1989. It penetrated the 3,000 barrier in January, then jumped to 3,209.96 when the market reopened Feb. 9 after the Chinese New Year break.

In the last few weeks, the rally has lost momentum and the Hang Seng has shed about 150 points. A U.S. discount rate increase and fears of inflation are blamed for the decline. Hong Kong interest rates follow U.S. rates closely, because the local currency is pegged to the dollar. But analysts believe the setback is only temporary.

To many, the market remains undervalued. Underlying their optimism are the robust local economy, better-than-expected corporate profits and a decidedly tougher stance on self-regulation by the new exchange leadership.

Perhaps more important for the future of the market, average daily turnover in 1989 has jumped to 216 million Hong Kong dollars, about double the average for last year, and slightly above the 1987 figure. Even at the current level, the Hang Seng index is 25 percent above its year-ago level.

FOR the short term, institutional investors are switching funds from Hong Kong to other Asian markets where inflation is less worrisome than the 8.5 percent to 9 percent forecast for the territory. "We have seen a lot of money switching out of Hong Kong and into Singapore," says Vincent Ma, New York-based analyst for Hoare Goveatt.

Indeed, the share of foreign funds that remains in Hong Kong will depend upon the territory's success in battling inflation.

"Our predominant concern in the short term is what will happen to interest rates," says Nicholas George, who monitors Asian markets from Barclay's de Zoete Waddell's London headquarters. "This will have a major impact on our investment strategy."

Jake van der Kamp, an analyst with Morgan Stanley, believes Hong Kong faces a tough fight. The Hong Kong dollar's link to the U.S. dollar triggered the current inflationary cycle. As a result,

Continued On Page 8

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NEWSLETTERS

Shopping for a Stock Market Guru

What counts is consistency

By Cynthia Catterson

ROBERT PRECHTER's words used to move markets. In fact, when the stock market crashed in October 1987, roughly two weeks after Mr. Prechter advised the more than 10,000 subscribers to his newsletter, *The Elliott Wave Theorist*, to sell their shares, many people pointed at him as one of the probable causes for the subsequent selling panic on Black Monday.

Mr. Prechter disputes that account, but these days the debate seems beside the point. Mr. Prechter's readings of his technical indicators commands far fewer followers than they did in the heady months before the crash. He reports that new subscriptions and renewals are off by about 80 percent. "Orders were flooding in until December 1987," he recalls. "Then it was like someone flipped off the light switch."

His experience is not unique. The investment newsletter boom over the last few years was clearly fueled by a rising stock market. With the exit from the market of individual investors during the nearly 18 months since the crash, many newsletter editors, like mutual fund managers and retail brokers, have been facing leaner and meaner times, regardless of the actual performance of their recommended portfolios in the last year.

Despite the erosion of reader support, many of the established newsletter gurus still enjoy dedicated followings. There are more than 500 independent newsletters published in the United States alone. Though reliable circulation figures are hard to come by, tens of



Robert Prechter: "It was like someone flipped off the light."

thousands of investors likely continue to take their cues from these self-styled advisers.

The price for such wisdom is typically between \$100 and \$1,000 a year, which entitles subscribers to a dozen or so pages of analysis each month. The investment approach and overall style of the letters vary, from technically reports filled with graphs and charts to rambling treatises on everything from investment and economic theory to personal anecdotes and religious teachings.

The eccentric approaches of some newsletters make provocative reading, but performance history and suitability are the two most

important considerations for individuals seeking a view on the markets. "The only way to tell if a newsletter is a flash in the pan is to compare the results of its recommendations from one year to the next," says Mark Hulbert, editor of the *Hulbert's Financial Digest*, an Alexandria, Virginia-based publication that monitors the performance of portfolio recommendations made by 125 newsletters.

Mr. Hulbert advises taking advantage of trial subscription offers as a way to evaluate a newsletter's investment approach and writing style. "Not every newsletter is appropriate for everyone. It's important to find the one letter that best suits your investment objectives," he says. Many newsletters may employ high-risk strategies that may not be suitable for safety-conscious investors.

For instance, last year's top three performers — McKeevry Strategy Letter, Futures Hotline and Prudent Speculator — used risky futures strategies and margin buying, the purchase of securities with borrowed money. Numbers four and five — BI Research and Market Mania — recommended volatile stocks, according to Mr. Hulbert.

INDIVIDUALS should also consider the amount of time that is required to follow the newsletter's advice. Some require investment action on a daily basis. Says Mr. Hulbert: "If you don't have the time to follow every instruction, you won't be able to produce the rate of return."

James McKeevry, executive editor of the *McKeevry Strategy Letter*, which has been rated the performer by *Hulbert's Financial Digest* in three of the last four years, illustrates the personalized approach characteristic of many newsletters. A fundamentalist preacher, he likes to sprinkle religious and spiritual references among his discussions of stock, bond and commodities markets. The letter also contains essays and reprints from

Continued On Page 8

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BOURSES

Four Stocks on Hong Kong's Fast Track



Dickson Poon of Dickson Concepts

Dickson's Global Fashion Network

Thirty-two-year-old Dickson Poon is Hong Kong's boy wonder, the architect of an international marketing and distribution network for high-quality fashion accessories. A string of judicious acquisitions has turned his flagship, Dickson Concepts, into a 2.3 billion Hong Kong dollar company with profit growth exceeding 45 percent annually.

In 1987, the company used the proceeds of a 600 million Hong Kong dollar rights issue to purchase S.T. Dupont, manufacturer of luxury writing instruments and lighters. With the acquisition, Dickson Concepts inherited a six-country European distribution network for its range of luxury products, which include clothing and accessories by Charles Jourdan, Guy Laroche, Chopard and Hermès.

"We expect to maintain the same type of growth in these next few years as we have in the past," Mr. Poon said. "Our balance sheet has no debt, which leaves us free for further acquisitions."

Lai Sun Diversifies and Prospers

With American protectionist sentiment on the rise, Hong Kong's textile industry faces an uncertain future. Yet, Lai Sun Garments remains a favorite in many local portfolios because of its diversified earnings base and astute product strategy.

In the year ended last July, about half of Lai Sun's 285 million Hong Kong dollars in attributable profit came from the company's 50-percent holding in Lai Sun Development, a property company, and another 20 percent from its majority holding in Crocodile Garments, which manufactures woven shirts, blouses, and trousers primarily for the local retail market. Holding the largest U.S. export quota among the territory's manufacturers, Lai Sun manufactures a broad range of apparel at the lower end of the export market.

"Despite the stock's exposure to the garment manufacturing industry, which is experiencing difficulties, the company has a diversified earnings base (to) protect overall performance," was Jardine Fleming's assessment when Lai Sun announced its 1988 results.

Stanislav Tsao, Lai Sun's director, said the completion of two commercial complexes by late 1990 will add 250 million Hong Kong dollars a year to Lai Sun's rental income earnings base. In 1989, however, costs related to these developments may trim Lai Sun's earnings.

Jardine Fleming forecasts attributable profit of about 260 million Hong Kong dollars in 1989 and about 300 million in 1990. Based on this projection, Lai Sun Garment shares are trading on a price earnings multiple of about 9 times.



Assembling nightgowns and pajamas at Lai Sun plant.

Semi-Tech Gambles Again in U.S.



James Ting

James Ting, is bidding \$241.7 million for the Delaware-based SSMC Inc., manufacturer of sewing machines, stoves, irons, televisions, and video-cassette recorders. SSMC owns exclusive rights to the Singer brand name.

This time, Semi-Tech's success is not assured. The corporate raider Paul Bilzerian and a

consortium led by a Malaysian businessman, Vincent Tan, are also vying for the company, but SSMC's management appears to favor Mr. Ting. If he succeeds, Mr. Ting will use SSMC's international dealerships as distributors for Chinese-manufactured consumer goods.

The Hong Kong-born entrepreneur got his start making hardware for export to North America. When that market collapsed in 1984, he switched to selling licensed technology in Asia. "That gave us a good base," said the executive vice president, Charles Sun. "You can't be a one-technology company."

Mr. Sun says Semi-Tech would not issue new shares to finance the SSMC acquisition, as it did to pay for earlier acquisitions. "We have arranged the financing already, and we are looking at a debt-equity ratio of around 0.69 to 1," he says.

Semi-Tech's turnover has increased from about \$10 million in 1986 to an estimated \$200 million in the year ended January 1989. According to the company's own projections, net earnings should rise to about \$18 million from roughly \$11 million in fiscal 1988. On that basis, shares are trading at a price-earnings ratio of about 4.6 times.

HKR's Island Asset

This 200-million Hong Kong dollar company is unique within the local property sector. Most of its real estate holdings consist of about 1,600 acres on Lantau, a largely unsettled island just west of Hong Kong whose development could turn HKR's holdings into a pot of gold. A site north of Lantau is being considered for Hong Kong's second airport.

HKR Properties is also primary owner of Discovery Bay, a residential, commercial and resort complex on Lantau's northeast coast. Now only half completed, the development will house 25,000 people by mid-1990. And HKR owns the nearby golf course and ferry pier, and is planning to build a marina club and a hotel on the island. Approval is being sought to redevelop its textile dyeing and printing works into a huge commercial and residential center.

Meanwhile, the company is moving to diversify its real estate investments and recently acquired hotel sites in Brisbane, Bangkok, Singapore and Switzerland, which are expected to be producing income within two years. Projected earnings for the year ending March are expected to exceed 40 million Hong Kong dollars.

Coleen Geraghty

You may have heard about the excellent returns offered by offshore companies, yet been put off by either the lack of recognizable company names or by confusion over what they actually do.

As an overseas resident there are definite advantages in investing offshore, but to quote the *Observer* newspaper, "if one is going to place money overseas the safest rule is to stick to the funds run by the offshore arms of UK financial institutions whose reputation and standing are beyond dispute."

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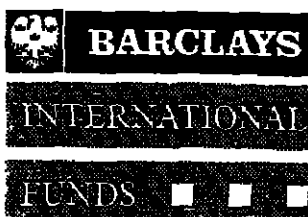
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Testing Time for Hong Kong

Continued From Page 7

sult, he says, it can be stopped only by a U.S. dollar rebound or Hong Kong government action to raise interest rates and force an economic slowdown. He believes neither is likely.

"The major cause for concern is not the current rate of inflation but the lack of anything on the horizon that will stop price increases from accelerating further," Mr. van der Kamp says.

Still, analysts tend to dismiss suggestions that the market may be vulnerable to a sharp decline.

"I don't think so," said Hoare Govett's Vincent Ma. "People still have a positive view on Hong Kong. They know the fundamentals are good, and consumer demand is strong. Unless investors take a negative view on Asia and withdraw, their funds will be flowing between back and forth between Hong Kong and other markets."

To be sure, inflation here is higher than in most Asian countries, the economy stacks up well

against others in region. Hong Kong's economy expanded by 7 percent last year, a full percentage point above official estimates. For 1989, growth is projected at 6 percent, well below the double-digit rates of the mid-1980's, but high by world standards.

Other economic indicators look equally rosy. A labor shortage that lifted average wages 15 percent to 20 percent in 1988 may have added to inflationary pressures, but it also triggered a boom in consumer spending that has not abated.

Corporate profits rose by an average 25 percent last year, and are forecast to increase by another 20 percent in 1989.

Stewart Aldcroft of Schroders Asia also believes that efforts by stock exchange officials to shed Hong Kong's "casino" image have played a part in attracting new institutional money.

The exchange revised its constitution and elected a new governing body last year after the former chairman, Ronald Li, and several other board members were accused of securities violations. The government also is preparing legislation to increase insider trading penalties, and the legislature will act shortly to create a Securities and Futures Commission modeled on the City of London's regulatory authority.

Clearly, Hong Kong stocks are not the bargain they were a few months ago. The recent rally has narrowed the gap between share prices and net asset values, pushing multiples to about 14 times 1988 earnings from near historical lows of 10 last autumn.

But value remains, according to analysts and fund managers. The market has recovered only about 60 percent of the 2,055 points lost in the October 1987 crash. Relative to prospective earnings, the market is trading at a multiple of only 11 times.

"The property sector was the one to buy during the rally," says Howard Grogan, the director of South China Securities. "Now, investor attention may turn to the banks, which have no bad debts on their books, and should show increased earnings for the 1988 year."

NEWSLETTERS

Shopping for a Market Guru

Continued From Page 7

other publications social, economic and political issues, among other things.

McKee's 1989 Outlook, for instance, forecasts a bear market and recession for 1989-1990. Accordingly, subsequent issues contained an essay on zero-coupon bonds, recommendations for limiting losses in trading, and biblical passages from James I, John XIV and Philippians IV.

Many newsletters provide follow up services such as special alert mailings and telephone "hot lines" — taped message services — to keep subscribers abreast of recent changes in market conditions and subsequent recommendations. John Desseiner, who routinely gives his outlook for the major world economies and stock markets to 5,000-plus subscribers of his Desseiner Financial Journal, recently used his hotline service to address concerns about Australia.

He had been recommending stocks in the Australian and

Top 10 Newsletters	
Calculations by Robert F. Lipson	
Newsletter	1988 Gain
1. The McGraw-Hill Strategy Letter	+33.4%
2. Fidelity's Fundline	+30.1%
3. Prudent Speculator	+28.7%
4. El Financial	+27.7%
5. Market Monitor	+25.7%
6. The Investor	+24.5%
7. LaLoggia's Special Situations Report	+22.2%
8. MFI Financial	+20.5%
9. Investment Reporter	+18.3%
10. Desseiner's Journal	+17.7%
Average of multiple portfolios	

Dutch markets, but felt the tumble in the Australian dollar a few weeks warranted a quick advisory to readers. "I told them that I did not expect the currency to drop further, and I advised them to continue holding shares of the First Australia Prime Income Fund," he reports.

But Al Frank, editor of The Prudent Speculator, another highly rated publication, says some readers expect too much handholding from newsletter advisers.

"Clients have to be ready to do a little work on their own based on the facts and data I've compiled," he laments. "But many people don't want to think, they just want the answers. They just want names of stocks to buy, and they want you to be right."

Unfortunately, Mr. Frank notes, no one is right in the market all the time, and a poor call can result in lost subscribers.

"It's like investors who come in the market when it's high and sell low," says Mr. Frank, recalling the horde of new subscribers to his letter in February and March

1987, who then dropped it after the heavily margined model portfolio lost some 55 percent during the crash.

One of the hard truths of the newsletter business is that bad news does not sell. Mr. Prechter, for example, is no more optimistic that the downward trend in his newsletter's circulation will reverse itself than he is about the outlook for the stock market for the 1990s. He expects the market to take another drubbing, leaving the lows of October 1987 in the dust. Average investors are advised to buy Treasury bills, and Mr. Prechter himself is "short" the market, a strategy that would allow him to profit from the anticipated drop.

With such a gloomy forecast, he does not expect to attract new hordes of readers until after all the dust has settled. "The bottom line is that bull markets attract new players and bear markets repel them," says Mr. Prechter. "It's as true in the newsletter business as it is elsewhere."

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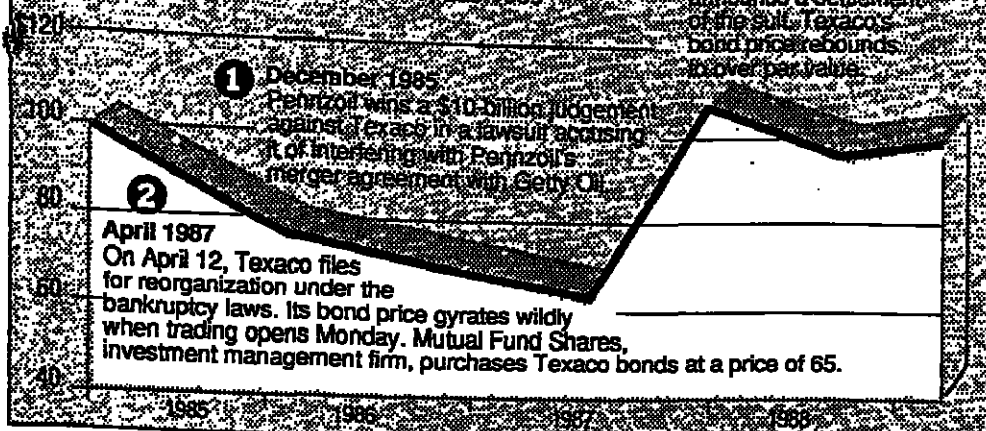
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BONDS

BOURSES

Texaco: A Case Study

Price of Texaco 12 percent bond, due 1989



When the Vultures Circle

By Bruce Hager

IN THE WORLD of buy low, sell high, it is tough to find lower prices than securities in a bankrupt company. By the time the bad news hits, the price of its stocks and bonds have tumbled, institutional investors have abandoned it, and Wall Street analysts have crossed it off their research list.

But for patient investors looking for potentially big returns, shopping for bankrupt firms has become a favorite pastime. Indeed, most bankruptcy specialists know that three out of four bankrupt companies eventually become solvent again and the rewards can be staggering.

Storage Technology is a case in point. When the computer products manufacturer filed for bankruptcy in October 1984, its bonds fetched less than 50 cents on the dollar. When the company reorganized three years later, bond investors were paid 120 cents on the dollar — a return of more than 140 percent.

Once the province of one and two-man operations, the strategy now attracts a variety of investors, ranging from big Wall Street firms like Goldman, Sachs & Co. to a few mutual fund companies.

Almost all limit their bargain shopping to bonds and other debt obligations. If a company is forced to liquidate, debt holders will be satisfied first with cash earned from sales of assets. The senior bond holders will be paid off first, followed by holders of junior debt like subordinated notes. Last in line are the owners of preferred stock and common, respectively.

This is not a game of quick returns. Bankrupt debt often does not pay interest, reorganizations take years. To improve chances of a payoff, specialists diversify among several carefully chosen situations, pouncing whenever a particularly attractive company goes broke.

Filings have kept firms increasingly active. Cheap debt abounds in companies like Coleco Industries, LTV, Global Marine, and Public Service of New Hampshire, the first publicly-owned utility to fail since the Great Depression.

Luring new scavengers is the sense that this trend will multiply once the economy lapses into a recession. A few firms are organizing so-called vulture

funds to feast on current bankrupts as well as on what may turn out to be the investing wave of the 1990s.

"I feel about this now as I did about high yield portfolios seven years ago," says David Breazzano, a former junk bond portfolio manager and now president of T. Rowe Price Recovery Fund Associates, a limited partnership with over \$100 million in assets.

The funds, with minimum requirements of \$1 million or more, invest in large blocks of debt, including private bank loans and trade creditor claims that do not trade on the open market. Smaller investors can buy shares in mutual funds like Mutual Shares and Merrill Lynch's Phoenix Fund, which invest some of their assets in similar distressed situations. There is also a closed-end fund, U.S.F. & G. Packholder Fund, which trades on the American Stock Exchange.

The preferred plays are firms with good core assets and solid managements that have sought protection from creditors because of an extraordinary — as opposed to operational — problem.

Texaco is a fine example. Two years ago, the White Plains, New York oil company filed for bankruptcy after Pennzoil won a \$10 billion judgment against them for interfering with a merger agreement between Pennzoil and Getty Oil.

Although the company had sufficient assets to pay off its debts, many institutional investors were forced to sell Texaco bonds because some pension rules forbid investments in non-income producing securities. Hence, the filing created an extraordinary opportunity for risk players.

"We bought all the Texaco bonds we could get our hands on," recalls Michael Price, president of Mutual Shares, a \$2.9 billion mutual fund that invests up to 20 percent of its assets in distressed situations.

Some investors prefer to catch a company on the rebound. Gerry Angelo, a managing director of First Capital Partners in New York, recently purchased the debt in Crystal Oil, a Louisiana oil company that came out of bankruptcy two years ago. One reason is that the company's \$40 million in cash is more than adequate to meet its \$38 million in debt obligations. Another is that he feels the company is currently undervalued.

Feverish Scramble for Cellular Shares

By Nigel Adams

WHEN British Telecom shelled out a hefty \$1.5 billion in January for a 22-percent stake in McCaw Cellular Communications, a U.S. company that is still reporting losses, investor interest in the mobile-phone industry took a giant step forward on both sides of the Atlantic.

"Suddenly, there was a major overseas buyer willing to pay a new, higher price for one of these companies," notes Marian Bye, who follows the telecommunications companies for Shearson Lehman in New York. Prices of some U.S.-based cellular telephone operators, many of which had been moving up in the latter part of 1988, surged by as much as 50 percent after the British Telecom bid.

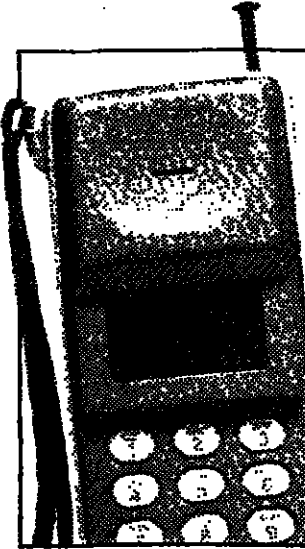
Also gaining strongly were the U.S.-based shares of Rascal Telecom, the cellular-phone giant of Rascal Electronics, which competes with the British Telecom in the U.K. monopoly in mobile-phone services. Rascal Telecom's American Depository Receipts have surged more than 50 percent since the first of the year. About half of Rascal Telecom's equity is held by U.S. investors.

The British Telecom purchase had all the more impact because it came at a time when the U.S. and British mobile phone industries appear to be headed for shakeups. "In the U.S., competition has probably reached its limit," figures David Gibbons, an analyst at James Capel Securities in London. "In the U.K., the government is determined to generate more."

That is because the U.S. and U.K. mobile-phone industries have evolved along different lines. U.K. authorities awarded two nationwide franchises — Cellnet, in which British Telecom owns 60 percent and its partner Securicor 40 percent, and Rascal Telecom. Rascal Electronics floated 20 percent of Rascal Telecom's equity last October, making it the only "pure play" on the British scene.

But later this year, the U.K. government is due to allocate two more cellular franchises, and the selection process is being watched closely.

Further complicating the U.K. competitive situation has been the entry of a lighter-weight, more compact and less costly mobile telephone system called Telepoint. "Telepoint offers true portability



since you can fit the handset in your breast pocket," says Jack Summerscale, who follows telephone networks for Barclays de Zoete Wedd.

One of the reasons that British Telecom's purchase made such a splash was the rumor that McCaw Communications, which holds franchises in 127 cities, would use the proceeds of the sale to finance

The Gains in Cellular Phone Stocks

Company	Price March 5	Percent Change Since Dec. 31	52-Week High-Low
Rascal Telecom ADR	\$63.88	+ 59.6%	\$54.50-\$29.50
McCaw Cellular	\$36.75	+ 26.5%	\$39.75-\$18.25
LIN Broadcasting	\$88.75	+ 24.2%	\$95.50-\$50.38
U.S. Cellular	\$28.25	+ 39.0%	\$30.50-\$14.88
Mobile Communication	\$34.25	+ 13.7%	\$35.50-\$25.75
Vanguard Communication	\$38.50	+ 26.2%	\$41.75-\$18.50
US West New Vector	\$31.00	+ 24.0%	\$31.50-\$14.00

a bid for LIN Broadcasting, highly valued for its cellular services in major metropolitan areas. McCaw already owns about 10 percent of LIN's shares and has said it plans to ask for regulatory approval to increase its stake to just under 15 percent.

Some notion of the surge in the values being placed on U.S. cellular companies can be seen in what

industry analysts call "per pop" — short for per population — values. These values are the market capitalization of the company divided by the number of people in its franchise area.

In late 1988, U.S. cellular franchises were going for about \$120 per pop. Then, in early January, Vanguard Cellular paid \$140 per pop for a franchise in Portsmouth,

New Hampshire. Then came the British Telecom deal, which analysts figure valued McCaw's business at about \$138 per pop.

Few observers of the industry would hazard a guess on whether the rise in values will continue at this pace, but bullishness seems to prevail. Ms. Bye at Shearson notes that LIN's current share price implies a per pop value of \$200 and that "there's obviously a camp of investors who believe that it may go to \$250."

But for investors who are uncomfortable with betting on the racy "pure plays" in cellular, Ms. Bye recommends a look at a few of the better-managed U.S. regional telephone companies with a strong mobile-phone franchises. She cites Alltel, a regional telephone company that has customers in 19 Midwestern, Eastern and Southern states, as an example of company with good earnings and dividends growth, plus a thriving cellular business.

A similar strategy may be appropriate in the U.K., according to Mr. Gibbons of Capel. Investors may be better off buying Rascal Telecom's parent, he says. "It's not only cheaper but safer," he says. "You're also buying into Rascal Electronics' other businesses at a big discount."

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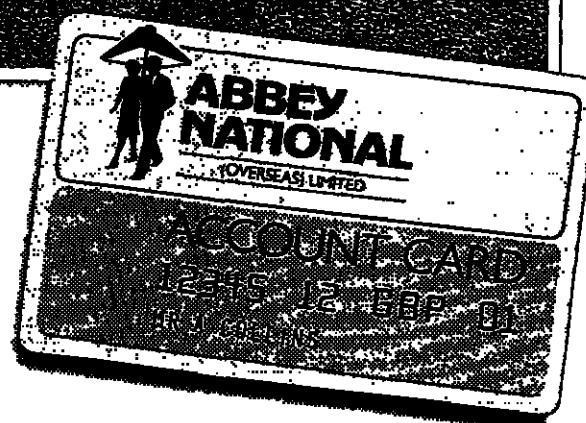
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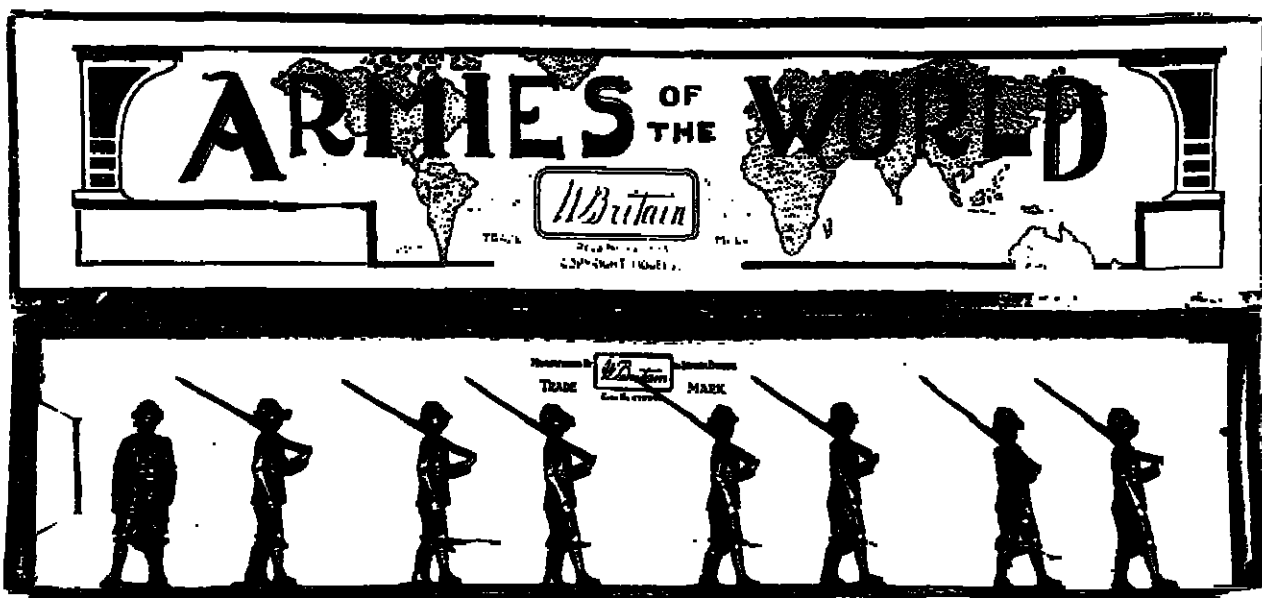
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OH 12

COLLECTING



A rare set of the Union of South Africa Defense Force from the Burt Ehrlich Collection. The set sold for \$2,970.

Toyland's Soldiers of Fortune

By Cynthia Catterton

COLLECTING toy soldiers and recreating the scenes of famous battles may seem a boyhood pastime. But a growing army of collectors have found over the years that amassing large landscapes of tiny lead troops is not just child's play.

Specialists set prices for finely detailed sets of these small molten figures, most of which stand slightly above two inches high, have been on the rise for more than a decade, appreciating at about twice the rate of inflation. And lately the pace seems to have quickened.

At a recent auction held in New York by Gurnsey's, many of the bids for the nearly 700 lots of miniature military and non-military figures rivaled auction records established elsewhere last year. For instance, a 24-piece British general staff set made by German manufacturer, Heyde, fetched \$14,300, roughly double the value estimated by Gurnsey's.

"I saw things selling for more than eight times what I originally paid just a few years ago," notes Burt R. Ehrlich, whose personal collection of some 15,000 pieces made up most of the Gurnsey's sale. The proceeds were donated to a New England prep school.

For the most part, the toy soldier market is largely made up of private collectors who trade among themselves. The New York and London arms of the Phillips Gallery each hold an average of three lead soldier and figure sales annually and auctioneers Christie's and Sotheby's usually include a smattering of platoons as part of larger toy and collectibles sales.

Despite the growth in recent years, the toy soldiers market is still open to newcomers. Although many of the finer quality sets are selling for more than \$10,000, novice

hobbyists can still pick up individual pieces and squads for under \$100. Indeed, the majority of the lots at the Gurnsey's auction were estimated at values of between \$150 and \$600.

Specialists attribute the growing interest in metal militiamen, in part, to the overall expansion of the collectibles market in recent years. Antique toys, in particular, started coming of age, they say, with the onset in the 1950s of plastic mold and extrusion playthings.

Experts say demand for toy soldiers received a boost in the mid-1960s when Britains Ltd., a popular British toy manufacturer, discontinued production of the well-regarded hollow lead figures it had been making since 1893. More recently, they say, specialized magazines, collector's clubs and books on the subject have broadened collector's awareness and demand.



A horseman with battleaxe sold for \$1,400.

In general, troops made by Britains Ltd., Luton, a French firm later taken over by Mignot, and German manufacturers Heide and Heyde are considered among the finest because of the variety, style and accuracy of their designs.

The standing world record for a lot sold at auction—£10,000—was paid for a 251-piece Britains display set at a Phillips auction in London in June 1987. This set was highly desirable because it included rare British Camel Corps figures, a group which was never packaged and sold by itself.

Ironically, sets that were unpopular items at first are now among the most sought after by collectors. Often, these are hard to come by since manufacturers typically discontinued production of unwanted armies and few of these soldiers survived through the years as sentimental keepsakes.

Such is the case with an eight-piece Netherlands infantry set made by Britains Ltd. in 1939. "There was never a great demand for these figures because the Dutch Army played a small role in World War II compared to the English, French and Germans," explains James Opie, a toy soldier consultant in London.

Besides rarity, condition is also critical. "A set that has been on a storehouse shelf for the last 50 years and was never taken from its box will be more interesting to a collector than one that was loved by a child and played with until all the paint was worn off," says Toby Wilson, a cataloger in the collectibles department at Sotheby's in London.

Visible wear and tear, such as chipped paint or broken flags, rifles and limbs, can devalue a piece by as much as 80 percent, Mr. Wilson says. Even a touch-up paint job can dissolve the worth of a piece altogether to its meltdown value.

STRATEGY

Big Yields Can Equal Big Risks

By David C. Lanchner

STOCKS with high dividend yields can be tempting, but investors should always check into the reasons for the hefty payout. A recent case in point is Residential Resources.

Until the company declared bankruptcy early last month, it was one of a new breed of Real Estate Investment Trusts. They differ markedly from the conventional REITs that were first introduced in the 1960s and specialized in investing in properties such as office buildings and apartment complexes.

This new generation of REITs, which account for about a third of all such issues outstanding, play the market in mortgage-backed securities. These securities are essentially shares in a package of mortgages on which the interest payments and principal are passed through to investors. Investors know these securities as Ginnie Maes and Fannie Maes, names derived from the titles of federal agencies that package the mortgages.

Mortgage-backed securities are complicated financial instruments, but Residential Resources and 10 other REITs have ventured even further into the world of exotic securities. These REITs make money by playing a mortgage-backed security called Collateralized Mortgage Obligations, or CMOs. Residential Resources held a variation called a CMO-residual and pumped up its yields by borrowing heavily against its portfolio.

The company's sudden and unexpected failure highlights the risks investors take when they buy into these new-wave REITs. The way these companies generate revenue is so complex that even experienced securities analysts have trouble explaining them. In general terms, they say that these so-called CMO-REITs exploit the difference in short-term interest

rates and long-term interest rates on obligations like mortgages.

Residential Resources got into trouble because the value of the CMO-residuals they borrowed against dropped and their loans

were called. Because of the vague accounting rules and poor disclosure common to virtually all CMO-REITs, many investors did not even know that Residential Resources was in trouble.

"After you've been lured in by the high yields, you've got no way to figure out the market value of these things," says John Higgins, an analyst with Audit Investments.

February Market Scoreboard

Best Performers

Percent Price Change Feb. 28

New York Stock Exchange:

Emhart Corp.	+83	40.25
Coleman Co.	+57	68.00
Chetco Industries	+43	25.50
Dexter Corp.	+40	33.75
Formica Corp.	+36	22.50
Perry Drug Stores Inc.	+31	11.13
Shaflee Corp.	+29	34.13
Jamesway Corp.	+27	11.25
Kingsway Consolidated	+26	15.25
Santa Fe Southern Pac.	+25	24.63

Worst Performers

Percent Price Change Feb. 28

U.S. Shoe Corp.	-26	19.50
Coles Myer Ltd.	-21	19.50
Fairchild Ind.	-18	12.13
QIM Corp.	-18	11.25
Illinois Power Co.	-17	17.38
Consol. Freight	-17	31.25
Standard Pacific	-17	13.13
Panhandle Eastern	-16	21.75
Gulf Resources	-16	11.50
RJR Nabisco Inc.	-15	63.63

American Stock Exchange:

Holly Corp.	+53	37.75
Panasonic Inc.	+48	10.38
American Israeli Paper	+27	15.25
Continental Materials	+27	18.53
Jan Bell Marketing	+25	23.25

Over the Counter:

First Security FNCL	+70	18.25
Pacific FST FNCL	+68	23.88
Technical Commun	+57	15.50
V Band Co.	+49	11.38
U.S. Intec	+46	10.25

California Energy	-36	14.25
Gaylord Container	-21	11.88
Salem Corp.	-19	10.88
Western Digital	-16	12.13
Colorado Prime	-15	11.63

London Stock Exchange:

Compiled by Morgan Stanley Capital International. Prices in pence

Eurotunnel	+36	810
Babcock	+22	176
Inchcape UK	+12	261
Davy Corp.	+12	225
De Beers	+11	755
Costello Group	+10	379
Carlton Comm.	+10	855
Bank of Ireland	+9	280
Morgan Crucible	+9	293
Unilever	+9	256

Tokyo Stock Exchange:

Compiled by Morgan Stanley Capital International. Prices in yen

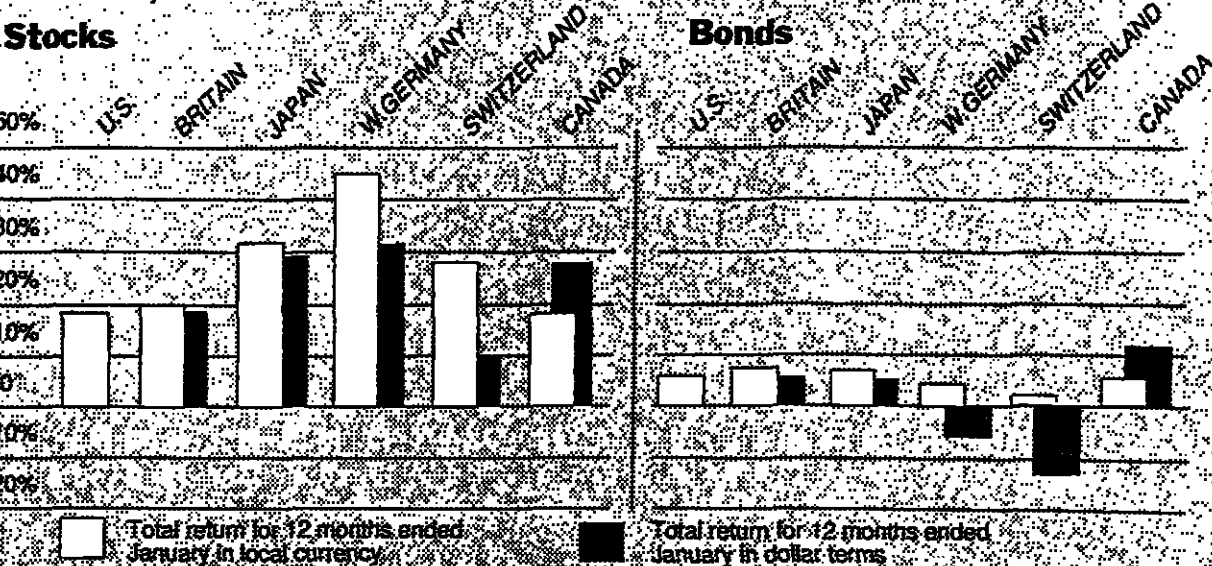
Mitsui Mining/Smelt.	+56	1,140
Sato Kogyo	+43	1,340
Otsuka Titanium	+39	2,150
Mitsubishi Betting	+37	1,670
Nippon Soda	+36	900
Iwatsuki	+36	1,130
Hohnen Oil	+34	956
Kofu Manufacturing	+28	4,280
Toyo Kasei	+27	1,020
Yusasa Battery	+27	962

De La Rue

De La Rue	-23	346
Amstrad	-20	149
Sun Alliance Ins.	-14	1,080
Lasmo	-14	433
Marks and Spencer	-12	162
British Gas	-11	165
Alfred McAlpine	-11	319
Christian Salvesen	-10	151
Storehouse	-9	173
Gateway Corp.	-8	164

Total Return for 12 Months

Total return measures both the changes in the prices of securities and the income they provide either in dividends or interest. Gains or losses were measured by comparing market indexes with their levels a year earlier. The chart does not take into account taxes or inflation.



Source: InterSec Research Corp., Stamford, Connecticut. Bond indexes are proprietary. Equity indexes are from Capital International.

U.K. Mortgages: A Bet on Foreign Currencies

Continued From Page 7

size of the mortgage quickly with an eye toward earlier repayment.

One compromise between the two strategies is a loan in European Currency Units, or ECU, of composite currency made up of currencies of 10 EC member states. The Spanish peseta and the Portuguese escudo are due to become part of the ECU in September of this year.

ECU mortgages are offered at interest rates of about 10 percent — more expensive than a Deut-

sche mark loan. But the higher interest rate is offset by a reduction in the currency risk. Exchange rate movements among ECU currencies are limited within a defined band, and sterling itself is one of the basket currencies.

"All the same, ECU mortgages are not for everyone," says Bruno Mazzola, senior manager at the London branch of Istituto Bancario San Paolo di Torino. "They are intended for people with a good basic understanding of the financial markets."

The Italian bank, which has been offering ECU mortgages on its home territory for the last three years, launched its product in Britain in February. The loans, at a 10-percent fixed interest rate for the first two years, are for a minimum of £30,000 although Mr. Mazzola anticipates the average size at between £50,000 and £100,000.

The bank is one of several in Europe that deals in the ECU at a wholesale level and makes markets

in the Bank of England's ECU treasury bills. In Italy, where it has the largest share of the mortgage market, around 15-percent of that share is ECU-denominated, according to Mr. Mazzola.

It chose Britain for reasons of familiarity, having opened a London branch seven years ago. "It's early days yet but we have had a lot of inquiries," says Mr. Mazzola. "Business is just getting off the ground."

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Get Rich in America's
Greatest Lottery

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MENT. Each week one draw is held in public — under strict supervision in Florida. Lotto 6/49 is easy to play. You pick your own number by selecting any 6 of 49 possible numbers from 1 to 49. It's that simple. The numbers you select are entered in the Lotto 6/49 Computer System and if they match the same numbers in the draw — YOU WIN THE JACKPOT. If you don't select all six numbers, you could still be a winner! If you have only 3, 4, or 5 numbers correct, you win one of the thousands of other prizes.

Here's How You Can Play

All you have to do to play the World Famous Florida Lottery is to complete the order form and send it to United States International Marketing's world wide processing center, along with your payment. You can play 2, 4 or 6 games for 15, 26, or 52 weeks. REMEMBER, EACH ADDITIONAL WEEKLY GAME YOU PLAY INCREASES YOUR CHANCE TO WIN THE JACKPOT. Once your completed order form and payment is received, your number will automatically be entered in the computer system and you will receive an "Official Entry Confirmation" by return mail. Your "Official Entry Confirmation" will indicate the numbers you selected.

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1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9	1 2 3 4 5 6 7 8 9
10 11 12 13 14 15 16 17	10 11 12 13 14 15 16 17	10 11 12 13 14 15 16 17
18 19 20 21 22 23 24 25	18 19 20 21 22 23 24 25	18 19 20 21 22 23 24 25
26 27 28 29 30 31 32 33	26 27 28 29 30 31 32 33	26 27 28 29 30 31 32 33
34 35 36 37 38 39 40 41	34 35 36 37 38 39 40 41	34 35 36 37 38 39 40 41
42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49
GAME 4	GAME 5	GAME 6
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34 35 36 37 38 39 40 41	34 35 36 37 38 39 40 41	34 35 36 37 38 39 40 41
42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49

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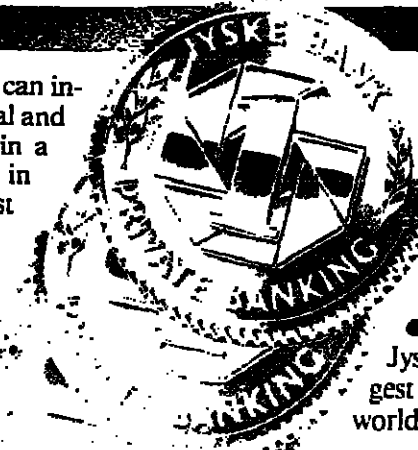
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NASDAQ National Market

OTC Consolidated trading for week ended Friday, March 10

NASDAQ National Market									
OTC Consolidated trading for week ended Friday, March 10									
Selling 100s High Low Close Chg Net									
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MONDAY SPORTS

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
New York	41	19	.683
Philadelphia	38	26	.591
Boston	37	27	.576
Washington	32	32	.500
New Jersey	29	35	.450
Charlotte	15	49	.234
WESTERN CONFERENCE			
Team	W	L	Pct.
Cleveland	44	16	.733
Portland	42	18	.700
Los Angeles	39	21	.650
Phoenix	38	22	.633
San Antonio	35	25	.581
Utah	34	26	.567
Denver	31	29	.517
Dallas	29	31	.483
San Diego	28	32	.467
Seattle	27	33	.448

FRIDAY'S RESULTS			
Team	W	L	Pct.
LA Lakers	27	26	.509
Phoenix	27	26	.509
Seattle	27	26	.509
Golden State	27	26	.509
Portland	27	26	.509
Sacramento	27	26	.509
LA Clippers	27	26	.509

SATURDAY'S RESULTS			
Team	W	L	Pct.
LA Lakers	28	25	.528
Phoenix	28	25	.528
Seattle	28	25	.528
Golden State	28	25	.528
Portland	28	25	.528
Sacramento	28	25	.528
LA Clippers	28	25	.528

SKIIING

World Cup

WOMEN'S SLALOM			
Rank	Name	Time	Country
1	Vreni Schneider	1:10.87	Switzerland
2	Heather MacLennan	1:11.21	Canada
3	Veronica Serre	1:11.21	Canada
4	Tamara McKinney	1:12.21	U.S.
5	Annika Wallner	1:12.76	Austria
6	Dorothy Tschopp	1:12.76	Canada
7	Joelanda Kinde	1:12.86	Switzerland
8	Camille Malmgren	1:12.96	Sweden
9	Christine Brand	1:13.01	Austria
10	Karen Parker	1:13.31	Canada

FINISH SLALOM STANDINGS

Rank	Name	Time	Country
1	Schneider	1:10.87	Switzerland
2	MacLennan	1:11.21	Canada
3	Serre	1:11.21	Canada
4	McKinney	1:12.21	U.S.
5	Wallner	1:12.76	Austria
6	Tschopp	1:12.76	Canada
7	Kinde	1:12.86	Switzerland
8	Malmgren	1:12.96	Sweden
9	Brand	1:13.01	Austria
10	Parker	1:13.31	Canada

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MONDAY SPORTS

VANTAGE POINT/Tony Kornheiser

Australia's Lesson For U.S. Basketball

NEW YORK — Most basketball fans will probably recall that the leading scorer in the Seoul Olympics was Brazil's radar-equipped Oscar Schmidt. But how many can name the next leading scorer? It was Seton Hall's Andrew Gaze. Or, more appropriately, Australia's Andrew Gaze.

Availing himself of what is, in effect, the Big East Conference's reverse version of the junior-year-abroad program, Gaze has come to play basketball at Seton Hall — probably for just this one season. Seton Hall has appealed to the NCAA for another, but Gaze, 24, is headed back to Australia to play for his club team in April, and cheerfully admits, "The whole time I've been over here I've been of the attitude it'll only be one year."

The Big East has a considerable history of mining foreign countries for basketball talent. Twenty-three foreign-born players have competed for Big East teams since 1979, among them Canada's Leo Rauson, Greece's Rony Seikaly and Italy's Marco Baldi. Georgetown's Rajon Randle would not be as crowded without Zaire's Dikembe Mutombo. No one disputes their desirability as basketball players, but with the debate over the fairness of Propositions 48 and 42 focusing so much attention on the difficulty in reconciling academic and athletic priorities, the propriety of recruiting foreign athletes presents interesting questions. The issue is new to basketball, but for years there have been grumblings about the presence of superstar foreigners on American university track and hockey teams.

Gaze is the first to concede that, "in all honesty, the reason I'm here is because of the basketball." But he quickly added: "I wouldn't be here if the academics weren't available." Seton Hall's coach, P.J. Carlesimo, appreciative of the sensitivities involved, said, "Any kid we bring in, we bring in because of his basketball. My intent is to identify basketball players. I'm a basketball coach. But Andrew Gaze is no tramp athlete. He's as bright a student as anyone in this conference. He's transferred a lot of credits. He'll graduate either way, here or in Australia."

About the suggestion that foreigners should be restricted from playing college basketball, Carlesimo said indignantly, "That's garbage. Tell them to take a walk to Jersey City and take a look at the Statue of Liberty."

You can understand why Carlesimo chased Gaze. The 6-foot, 6-inch (1.98-meter) guard is averaging almost 15 points a game, is second on the team in assists and third in rebounds. Most importantly, he's making 43.3 percent of his three-point shots, second highest in the conference. "People asked me if I really thought Gaze could play," Carlesimo said, dismissing the question as if it came from the moon. "He came here a few years ago on a tour with the Australian national team. They played all the Big East teams. He got 40 three times! Who goes for 40 against the Big East? He got 46 on us." Carlesimo shook his head incredulously. "Can he play?"

Yet Gaze has had to tailor his game to suit Seton Hall's needs. In Australia, he is a point guard, responsible for penetrating and passing off. "It's not as athletic a game there," he allows, "but there's more motion. More screening, more cutting. Here it's less finesse and more of a power game." Laughing at his narrowly defined role, he says, "I wanted to drive more. But I was setting a career record for charges. So they told me they wanted me to stop and shoot."

Gaze is good-humored about it. But what a difference a hemisphere makes. In Australia, he is not a star, he is the star. The ball is never more than one pass away from his hands. Worldwide, he's considered a franchise player. At Seton Hall, he's a supporting player. Not many stars would handle that diminishment as evenly as Gaze.

"I was grateful for the chance to come to all," he explains. "I told them I'd play whatever role they wanted. I was concerned the guys might think I was coming here to take away their limelight. I wanted the experience of college basketball at the highest level I could play. I wanted to learn the game. It would defeat the purpose of coming if I did here what I do there."



Stacey King arose on Oklahoma's behalf, but the ball fell to Iowa State.

And although friends back home wonder how it's possible he isn't scoring 30 points a game, Gaze is satisfied that what he's learned about defense, rebounding and what he calls "the intellect of the game" more than make up for the meager numbers.

Of course, there were cultural compromises to make as well. Gaze has repeatedly explained to people that kangaroos don't run wild in the streets of Melbourne and that everyone doesn't own a koala. And although he still hasn't acquired a taste for it, he has diligently listened to rap music.

For all the benefit in coming to Seton Hall, it does bother Gaze to be thought of as an interloper. And it disturbs him when it's suggested that foreign basketball players have no business in American colleges. "I could be rude about it, but I won't," he says. "To me, you learn from other people and other cultures. It amazes me to hear anyone say that foreign players are depriving anyone here of the chance to play college basketball. That's insane. You have 200 colleges to pick from in Division I alone."

Striking a conciliatory tone, Gaze says, "We're grateful for American basketball players in Australia. They've helped us tremendously. But for whatever it's worth, you guys finished third in the Olympic Games. Surely you can see that you, too, can learn from other people."

Georgetown and North Carolina Advance to NCAA Tournament

Compiled by Our Staff From Dispatches

Alonzo Mourning scored 21 points for Georgetown on Sunday and the Hoyas won their sixth Big East championship with an 88-79 victory over Syracuse.

The Hoyas, with a 26-4 record and ranked third in The Associated Press college basketball poll, won three tournament games in New York by an average of 20.6 points in capturing the conference's automatic bid to the National College Athletic Association Tournament.

The Hoyas have been in the NCAA Tournament every year since the Big East Conference was formed 10 years ago.

The championship was the sixth in as many appearances in the final for Georgetown and four have now been over fifth-ranked Syracuse (27-7), which has lost seven of its last eight meetings with the Hoyas. Georgetown controlled the game throughout the second half after using an 8-0 run to take a 58-45 lead with 11:50 to play on a reverse dunk by Mourning.

The Hoyas led by as many as 23. The Orangemen were able to make the final score respectable with an 18-4 streak in the final two and a half minutes.

Charles Smith, a Georgetown senior, was named the tournament's most valuable player after scoring 16 points Sunday to go along with 24-point and 26-point performances in the first two games.

Stephen Thompson led Syracuse with 19 points.

North Carolina 77, Duke 74: In Atlanta, Steve Buchholz scored all 10 of his points in the last five and a half minutes to give ninth-ranked North Carolina (27-7) its first Atlantic Coast Conference tournament title since 1982.

Duke (24-7), ranked seventh, was seeking its second consecutive ACC tournament title and its third in four years. Danny Ferry, held to only 14 points, attempted a 70-foot desperation heave at the buzzer that would have tied it, but it bounced off the rim and backboard.

Ball State 67, Kent State 65: In Toledo, Ohio, Billy Butts scored 19 points, including five three-pointers, and Paris McCurdy added 15 points and grabbed 11 rebounds as Ball State, ranked 19th, won the Mid-American Conference tournament and advanced to the NCAA tournament.

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Ball State (28-2) has the best record of any Division I team. Kidd scored 14 points and Roman Muller added 8 for the Cardinals. Eric Glenn scored 19 points for Kent State.

In conference tournaments Saturday and Friday:

Big Eight: In Kansas City, Missouri, Tyrone Jones's three-point shot with two seconds left gave Oklahoma a 76-74 victory over Iowa State in the semifinals.

Oklahoma (28-4), ranked second nationally, led for only 46 seconds in the game. On Friday, the Sooners were taken to double overtime by Colorado, the conference's last seed, before winning by 95-87.

Victor Alexander, whose basket with 35 seconds left put the Cyclones ahead, 74-73, had a chance to extend the lead after being fouled with eight seconds left. But he missed the first of one-and-one free throws. Oklahoma rebounded and Mookie Maylock got the ball to Jones for the winning shot from the left corner.

The Sooners were to play 10th-ranked Missouri for the tournament championship on Sunday.

The Tigers got to the title game with an 88-83 victory over Kansas State. Anthony Peeler and Doug Smith keying an 11-3 run at the start of the second half. The taller Tigers (26-7) dominated play inside.

Atlantic Coast: In Atlanta, Reid scored 10 of his 17 points in the first half, leading North Carolina to an 88-58 semifinal rout of Maryland.

The Terrapins (9-20), who upset top-seeded North Carolina State a day earlier, played without their coach, Bob Wade. He was hospitalized Friday for dehydration, having collapsed moments after the victory over North Carolina State. The Tar Heels reached the final for the 17th time.

In the other semifinal, Ferry was held scoreless for nearly 17 minutes but finished with 23 points as Duke beat Virginia, 69-58.

Ferry, who missed his first six shots, scored the Blue Devils' final six points before halftime for a 32-16 lead. He continued his hot streak in the second half, scoring six of Duke's first 10 points.

Big East: In New York, Smith scored 26 points in Georgetown's 85-62 semifinal defeat of Pittsburgh (17-12). The Panthers, with four victories over top 10 teams this



Tony Massenburg, left, and John Johnson, right, of Maryland put the squeeze on North Carolina's J.R. Reid in their ACC semifinal.

season, are hoping for an at-large bid to the NCAA Tournament. There were eight lead changes and five ties in the first nine minutes before Georgetown took control. Syracuse defeated No. 11 Seton Hall, 81-78, in the other semifinal. Sherman Douglas scored 27 points and Syracuse made 12 of its last 14 free throws to beat Seton Hall for the 17th straight time.

Syracuse got its last field goal from Derrick Coleman with 5:47 to play. But the Orangemen took the lead for good on two free throws by Coleman with 3:21 left.

Southeastern: In Knoxville, Tennessee, Florida downed Tennessee, 76-71, and Alabama beat Vanderbilt, 83-79.

Livingston Chatman, who scored 25 points, broke a tie at 61 with a free throw, then made a field goal 18 seconds later and the Gators stretched their lead with free throws in the final minutes. Clifford Lett had 17 points for Florida, while Doug Roth led Tennessee with 14 points and 11 rebounds.

Alvin Lee scored 24 points, making three straight three-pointers during one stretch, as Alabama moved into the championship game. Vanderbilt was 11 of 19 from three-point range, including a tournament-record six by Barry Booker.

Metro: In Columbia, South Carolina, No. 16 Louisville scored the final 10 points to defeat Memphis, 71-70, and advance to the final for the fourth straight year. Freshman Everick Sullivan made the first of

his one-and-one with two seconds left to give the Cardinals the victory. LaBradford Smith led the Cardinals (21-8) with 18 points. Memphis State (21-10) got 26 from Cheyenne Gibson.

Derrick Mitchell scored 20 points and Tony Dawson 17 as No. 14 Florida State downed cold-shooting South Carolina, 80-63. South Carolina (19-10) made only 29 of 70 shots and had two long scoreless streaks in each half. George McCloud and Tharon Mayes each had 16 points for Florida State (22-6).

Pacific-10: In Inglewood, California, Sean Elliott scored 21 of his 29 points in the first half as top-ranked Arizona won its eighth straight, beating Oregon State, 98-87.

Anthony Cook scored seven points early in the second half as the Wildcats broke the game open. He finished with 24 points for Arizona (26-3). Gary Payton scored 25 for Oregon State (22-7).

In the other semifinal, No. 12 Stanford beat UCLA, 95-86, as Todd Lichti got 23 points and freshman reserve Adam Keefe had 22. The Cardinals (26-5) led by 22 points with six minutes left before UCLA (20-9) rallied. The victory was the 11th straight for Stanford.

Big West: In Long Beach, California, David Butler scored 17 points as No. 18 Nevada-Las Vegas advanced to the NCAA tournament for the seventh straight year by beating New Mexico State, 68-62. Stacey Augmon had 11 points and 12 rebounds for UNLV (26-7). New Mexico State (21-10) is hoping for its first postseason bid in a decade.

Western Athletic: In Salt Lake City, Utah, Tim Hardaway scored 25 points and Prince Stewart sparked a go-ahead rally late in the first half as Fresno State beat Colorado State, 73-60, and won the title for the third time in six years.

That gave the Miners (25-6) their sixth straight berth in the NCAA tournament.

ECAC North Atlantic: In Hartford, Connecticut, Steve McCoy grabbed Tom Huertter's desperation shot out of the air and put the ball in with one second left to give Siena College a 68-67 victory over Boston University and its first berth in the NCAA tournament.

The championship game was played in quarantine because of a measles outbreak.

Siena, without a nickname since the summer, announced it had settled on the Saints over more than 150 choices, including the Ravin' Rash, a reference to the measles outbreak at the school's campus in Loudonville, New York.

The school decided last June to drop the nickname Indians, citing its offensive portrayal of native Americans and Siena's Franciscan tradition.

Southwestern: In Dallas, Arkansas defeated Texas A&M, 94-84, to gain the final. Lennie Howell scored 31 points and Keith Wilson got 19 in the second half as Arkansas (23-6) reached the final for the first time since 1985.

Arkansas was to meet Texas, which defeated Texas Christian, 93-89, in overtime in the other semifinal.

Midwestern Collegiate: In Dayton, Ohio, Tyrone Hill scored 24 points as Xavier won its fourth straight title with an 85-78 defeat of Evansville (21-11).

Xavier (21-11) took advantage of Evansville's foul problems to beat the league's regular-season champions. Scott Haffner scored 30 points for Evansville (24-5).

Big Sky: In Boise, Idaho, Lorenzo Nash and James Fitch made six straight free throws in the last 31 seconds as Idaho (25-5) downed Boise State, 59-52, for the championship. The Broncos (23-6) shot just 31 percent and made only one of their first 11 shots in the second half.

Mid-American: In Toledo, Keith Stalling and Curtis Kidd each scored 16 points for State in its 62-46 defeat of Ohio in the semifinals. It was the second game of the day for Ohio, which had beaten Western Michigan, 61-55, in the morning.

Big Ten: In Iowa City, in a regular season game, No. 15 Iowa (22-9) beat No. 6 Indiana, 87-70, to halt a four-game losing streak. Indiana (25-7), which had won the league title, played a team of reserves.

In Ann Arbor, Michigan, No. 4 Illinois downed No. 8 Michigan, 89-73. Kenny Battle scored 22 points and Kendall Gill added 19 as Illinois (27-4) clinched second place in the conference and set a school record for victories in a season. Michigan fell to 24-7.

The Big 10 does not hold a conference tournament. (AP, UP)

LSU, Clemson Top World Relay Marks

The Associated Press
Dawn Sowell has led Louisiana State to its second title in three years, while helping top a world relay record, and junior Edrick Floreal has carried Arkansas to a record sixth consecutive men's title at the NCAA Indoor Track and Field championships in Indianapolis.

World marks were better by LSU's women's team in the 1,600-meter relay Saturday and by Clemson in the 3,200 relay. Holis Conway, the 1988 Olympic silver medalist in the men's high jump, set a U.S. record of 7 feet, 9 1/4 inches (2.37 meters).

In Glasgow, on Friday night, the 1,600-meter U.S. relay team of Clarence Daniel, Chip Jenkins, Ken Lowery and Mark Rowe set a world indoor record with a time of 3:05.21. The United States, competing in a three-way meet with Britain and the Soviet Union, broke the record of 3:05.9 set 19 years ago by the Soviet Union. It was the oldest indoor track record.

The outdoor record of 2:56.16 was set by the United States at the 1968 Olympics and tied by the United States at the 1988 Olympics.

Britain won the three-nation meet with 107 points. The United States had 105 and the Soviet Union 104.

Sowell, a former high school star

who became so frustrated with her progress in 1987 that she gave up the sport temporarily, was the key to LSU's victory at the NCAA meet.

She won the 200-meter Friday night in a meet-record time of 22.96 seconds, then came back Saturday night and took the 55-meter in 6.62 seconds before anchoring LSU's relay team, which clocked 3:33.98.

However, since the team included one foreign runner, Opel Cunningham of Jamaica, LSU's time cannot be submitted for a world record under international rules that stipulate all runners on a relay team must be from the same country.

Still, LSU's time was far superior to the listed world mark of 3:34.38 set by a West German team in 1981.

Villanova's 34 points put the Wildcats 10 ahead of the 1988 men's champion, Texas, and of Alabama. They tied for third with 24 each.

Arkansas, which has won every men's title since 1984, collected only 34 points, the same total it had last year. Florida was second with 31, giving Arkansas its closest margin during its six-year streak.

Floreal, a Canadian, accounted for more than half the Razorbacks' points. After finishing second in the long jump Friday night, he won the triple jump Saturday, soaring 56 feet, 2 1/4 inches when he needed to finish first or second for Arkansas to win.

Clemson's time of 7:17.45 in the men's relay went under the world record of 7:17.8 set by the Soviet Union national team in 1971. But it also had runners from other countries: Phil Greyling of South Africa and Dennis Hines of Jamaica.

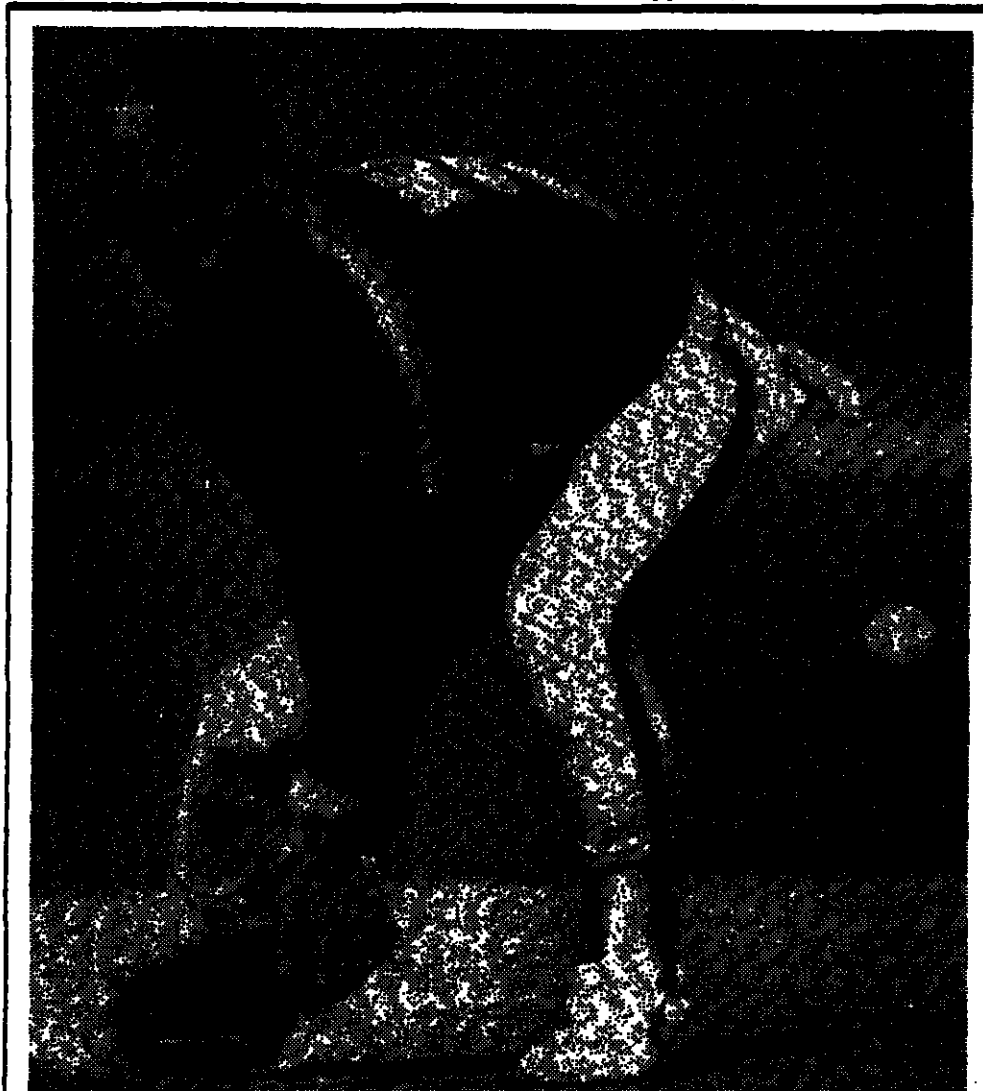
Conway cleared 7-3, 7-5 and 7-7 on his first attempts, before breaking Jimmy Howard's American record of 7-9 1/4, also on his first try. He then had the bar moved to 7-10 1/4, but missed three times.

In Grenoble, France, Rodion Gataulin of the Soviet Union, the world indoor champion, won the third Masters Pole Vault on Saturday at 19 feet, 7 1/4 inches. Gataulin, who broke the indoor record twice earlier this year, easily beat an invitational field.

Philippe Collet of France tied for second with Miroslav Chmara of Poland. Collet bettered the former French mark of 19-4 1/2 set by Thierry Vigneron in 1984, a world record at the time for indoors and outdoors.

Earl Bell and Bill Olsen of the United States finished fourth and fifth, each vaulting 18-8 1/4.

The Olympic gold medalist and two-time world outdoor champion, Sergei Bubka of the Soviet Union, did not compete. He reclaimed the indoor mark from Gataulin with a vault of 19-9 1/4 in January. He also holds the outdoor mark of 19-10 1/4.



LAYING AN EGG — Louie Meadows, playing first base for the Houston Astros, let a grounder go through his legs during a spring training game against the Detroit Tigers in Lakeland, Florida.

Son of Evel: A Chip Off the Old, Battered Block

By Ira Berkow
New York Times Service

NEW YORK — About 15 years ago Evel Knievel, who used to break his bones for a living, came here to promote his attempt to raise motor sports to an unparalleled height.

He would attempt to soar across the mile-wide (1.6-kilometer), 600-foot-deep (180-meter) Snake River Canyon in a steam-powered, open-pit, rocketlike contraption called a Sky-Cycle.

Risking limb and life was nothing new to Knievel, who had tried and sometimes failed to fly over such irresistible attractions as the 150-foot-high fountains in front of Caesars Palace in Las Vegas, or 13 double-tiered buses in Wembley Stadium in London, or a pool full of sharks in the Chicago Amphitheater (he cracked up his vehicle on the runway and never got to tempt the fish, spending the next 30 days in a coma, fortunately).

Knievel had busted up things in every part of his body while engaged in his strange stunts, including the breaking of 40 bones, and both his arms, cracking his pelvis in half and suffering several brain concussions.

He now walked around with 14 steel plates inside him, and needed the use of a black, gold-tipped swagger stick that served as a

crutch because one leg was shorter than the other after an operation following a crash. So in Manhattan he answered the obvious questions about his career. Before leaving, there was a final question.

"Evel," someone said, "have you ever been analyzed by a psychiatrist?" "No," he said, "I wouldn't have anything to do with them crazy buzzards."

The other day, on the telephone from Las Vegas, Evel's son Robbie laughed at this story about his father. "Oh, God," he said, "I think he'd drive a psychiatrist nuts."

"We thought Dad was kinda crazy, yeah," continued Robbie Knievel. "You know: 'Hey, why're you doin' this? We all love ya. You're gonna get killed.'"

Robbie, now 26, is the second oldest of four children born to Evel and Linda Knievel, and the only one who has followed in the old man's daredevil, death-defying, not to mention staggered, steps. But Dad wasn't just a little batty; to young Robbie, he was also "like Superman."

And now we learn that Robbie Knievel is planning a big-time jump of his own. It is called "Knievel Legend Continues: Can Son Average Evel's Crash?"

The particular crash in question was the

one into the landing ramp on the other side of the Caesars Palace fountains, and the old man wound up in the hospital for 67 days.

Robbie Knievel's planned catapult over the fountains on April 14 will even be harder than his father's, he said. "There's a new pillar there, which means I've got a shorter space to come down to," he said. "Also, I don't use my hands. I take 'em off the handlebars in mid-flight. It's an added little twist. No one's ever done that before."

Robbie's been at this game for some time, appearing with his father in stunts since he's been 8 years old. And, as he worried about his father, his father now worries about him.

"He was always a little stressed," said Robbie. "But like now, he says: 'You gotta be careful, you gotta be prepared. Wear a helmet.' I said: 'Dad, I've been at this now longer than you were, and I've only had a few fractures. C'mon, man, chill out.'"

Evel has, and is now a part of his son's management team.

It is not only for pure pleasure and to top his dad's records that Robbie Knievel has done such things as leaping with his motorcycle over an oncoming airplane on a landing strip, or last year jumping over 22 cars, breaking the record of 21, held by Pop

Robbie also performs for money. In fact, it is estimated that the Vegas gig will gross \$60 million, much of it expected to come from a national prime-time pay-per-view telecast. An appetite for the bizarre seems considerable.

Some of the highest-rated "Wide World of Sports" TV shows were those that featured, either live or on tape, Evel Knievel risking his neck (the Snake River attempt, a big hit with viewers, ended with Evel splattering into a cliff, short of his mark). Boxing, hockey, football and auto racing, among our most popular entertainments, are violent to the core, and bring deep joy to the spectators.

Robbie Knievel himself tried other occupations, such as laying tiles and working in a sawmill and in a bike shop, but all of it paled to motorcycle jumping. "I do it for the excitement," he said, "and the quick money. I think I was born to this."

He understands, he says, that if he's off a split-second in his timing or calculations it could be curtains for him.

"The thought does give me a few butterflies," he said. "But it doesn't altogether scare me?"

"No." "What does?" "The dark," he said.

